sacrated with Miller's work. There is a dreamlike quality to "Salesman," and a dreamlike myocation of shumo in a

Cortainly "Salesman" has its problem paint by numbers freudianism, a contra

The play was constructed on the prope

In recent years, the most successful par ductions of Miller's plays have played do

remissance that Miller has been enjoying not just in Britain, where his work has four a ready audience among the delibration on bouncally, committed blay within

peal? Perhaps some of the very aspectsoffs work that seem so old-tashioned - his me al seriousness and fondness for mythica tonations - are refreshing anomalies mb

in a day when the avant-garde has a

### Tops Oscar Nominations

eth " and "The Thin Red Line."

tes carned nominations in both categorisms a "Central Station" from Brazil "United Chandfather" from Spain and Targetton

Covered Paliton was normaled him idward Norton for "American History X" ne. Caroffery Ri A Sample Plan at March 21



## s Art to Life

bacaspanists, invocation of spatials and quantum and

build adjusted sected that or easily as the build buil record act, and supporting character of are inthe more than cardboard current

These flaws, however, are subsumed h own longings for inniewialny has deal own longings to management ins dequited past to be liked, but to be well liked in immerses the audience in William of management state of management. flicted, communicary state of many

the past was the growing pants and or fusing sees time not as a continuum but as simultaneity of moments past and present the play's confessional structure come anxieties fade into remembered guille a dreams and regrets blur and overlap.

the political, polentic aspects to reveal the paychological subtext, the bedrock ending psychological surface of the beautiest emotion of sexual passion and familial love, being and guilt that bark beneath the sociology.

Their success underscores the cure

also in the United States, where the Signal Theater Company recently completed the long retrospective of his plays in New York What accounts for Miller's community

age of relentless fromy and cynteism

sistently purveyed a vision of a mone world, Miller's assumption that the b meaning" appeals to our vestigial belief the dots can be connected, that a patterness found in the carpet. In a day when the area mentaingly becoming a form of chems of right and wrong suggest that the theaten

mill provide a venue for mellectual drie indeed, his plays aftest to his own her that works of art can change the acsciousness of people and their emints who mey are and what they stand or

endey, genting up to do buttle to best pointed the "Saxing Private Ryon," with 11 monument

and as best director for Shakespeare, ass Peter West for "The Truman Show, thelass Beautiful" and Terrence Main k for Thella A" also was nominated as nest to reign lague

manda Montenepro tor "Central States" (# Mary Stroop for "One True Heng" and East ig. Torn Hanks, who has already womanes I for his role in "Ryan." He was much la shriters. Benigns for Late Is Beautiful Mi and for heat supporting actics for heads.

Rightyri for "Lattle Voice," had Deadly chei Gerfritte for Hilary and lickie adlis





# Herald International Cribune. PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

.The World's Daily Newspaper

London, Thursday, February 11, 1999

### Toll Hits 10 In French Alp Avalanche

By Elizabeth Olson Special to the Herald Tribune

GENEVA — Unusually heavy snowfall triggered avalanches in the Alps, killing at least 10 people and cansing widespread disruptions in road, rail and air journeys across Central Europe Wednesday.

An avalanche that roared through and uprooted chalets in two villages near Chamonix, a popular tourist area in France's Mont Blanc region, near Geneva, claimed at least 10 lives Tuesday. An additional 17 people were injured, and a 12-year-old boy was

About 200 searchers with sensors and dogs continued Wednesday to comb through wreckage for additional survivors, The Associated Press re-Two more avalanches struck the

See AVALANCHE, Page 10



The avalanches that killed at least 10 people near the ski resort of Chamonix also destroyed 17 chalets.

## Missiles Facing Taiwan Challenge U.S. Goal

By John Pomfret Washington Post Service

BEUING — Taiwan said Wednesday that China had recently deployed more than 100 ballistic missiles in provinces facing this island of 21 million people in a move destined to heighten tension across one of Asia's most strategic waterways.

when the content "Shake spears in Low" one and the deployment more than tripled the number of saday, genting up to the best polars when the deployment more than tripled the number of missiles previously believed to be in that area. The step constituted, they said, China's response to

talk in Washington about placing parts of Asia, including Taiwan, under an American missile-defense unibrella. The U.S. proposals, which are so far only in the planning stages, are roiling the waters of American-Chinese relations and providing the most significant challenge to Washington's emerging security ties with

Asian 'Umbrella' Strategy Angers Chinese Leaders

the world's most populous nation since a face-off over

Taiwan three years ago.

In recent weeks, Chinese officials — from the Foreign Ministry, the military and think tanks associated with the State Security Ministry — have warned of grave consequences if the missile defense system is put into effect in Asia, specifically if Taiwan

is allowed to participate in the program.

China's new deployment illustrates the sensitivities and potential explosiveness of both Taiwan and the rissile defense issue.

In recent weeks, China has - literally and fignratively — gone ballistic about the prospect of a U.S. theater missile defense system in Asia, even though

the technology is at best unproved, at least eight years away from being deployed and at worst a costly

In addition, no firm plans have been made in Washington to provide Taiwan with access to the antimissile umbrella, although Congress directed the Pentagon last year to study the issue.

So far, the United States has sold Taiwan some Patriot anti-missile batteries and is considering selling it Aegis destroyers, which are designed to provide early warning against missile attacks and counter both short- and medium-range surface-to-surface missiles. Analysts said there were several reasons why regional missile defense had stirred Beijing's anger.

One is that China claims Taiwan — a rich, multiparty democracy — as its territory. Any moves by the U.S. government to strengthen Washington's am-

See MISSILES, Page 4

## Old Satellites Give Russia Dangerous Blind Spots

By David Hoffman Washington Post Service

tor heat supporting active to not not assembly for "Lattle Voice," half lead against missile attack, a key aspect of the hair-trigger against the lattle best supporting active doctrine of nuclear deterrence, is deteriorating because Robert David for "Management of the lattle of monitor U.S. missile siles and submarines, according to Russian and Western security analysis.

to Russian and Western security analysts.

The danger in the country's fairering early-warning ability, some Western specialists say, is an increased risk of a doomsday response to a false alert.

For several hours each day, Russian military com-manders cannot see any of the U.S. missile fields, nor can they monitor the most dangerous threat to their

AGENDA

**Holbrooke Clears** 

**Hurdle to UN Job** 

Richard Holbrooke, the former U.S. diplomat, will pay \$5,000 to put to rest ethical allegations that

have stymied his nomination as

U.S. chief delegate to the United

Nations. Congressional sources have said that Mr. Holbrooke, who is best known for brokering the

Bosnia peace accord, will very

Sanctions on Iraq

\*PARIS (AFP) — Foreign Min-ister Hubert Vedrine of France de-

nonnced UN sanctions on Iraq as

"nseless and cruel" Wednesday as

he renewed calls for a new inter-

national approach to neutralizing

Bachdad's weapons program. He teld the National Assembly that France had made "coherent" pro-

Earlier article, Page 7

Page 4.

Pages 8-9.

Pages 18-19.

posals to ease tensions.

Books.

likely be confirmed. Page 7.

France Assails

own forces, the U.S. Trident submarines submerged in the world's oceans, these specialists said.

Russia has not launched an early-warning satellite in nearly a year, they said, and U.S.-Russian plans for sharing early-warning data, announced in September by Presidents Bill Clinton and Boris Yeltsin, have not been implemented. Such cooperation involves highly sophisticated equipment and the transfer of ultrasensitive military information, analysts say, and a

legacy of distrust persists on both sides.

Although the Cold War has ended, Russia and the United States remain on constant nuclear alert. Both sides say that if attacked they will unleash massive retaliation, even before enemy warheads arrive; the strategy is intended to discourage any first strike.

But the threat of retaliation requires accurate early warning, and without it, Russian decision-makers are blindfolded. Some Western specialists believe the growing gaps in the area covered by Russia's earlywarning satellites have increased the risks of a serious miscalculation, as Russian commanders will have less

time to decide whether a report of a launching is real. There have been several close calls. In September 1983, the Soviet early-warning system sent a false signal to ground stations that a U.S. missile attack was under way. After a few anxious minutes deep in a Soviet defense bunker, the mistake was recognized by an officer on duty. In another case that highlights the

See RUSSIA, Page 10

## Clinton Confident **As Trial Nears End**

### President Is Looking Ahead; 2 Republicans Break Ranks

By Brian Knowlton

WASHINGTON - With the end of his impeachment trial possibly 24 hours away, President Bill Clinton remained open to a possible censure on Wednesday, but he hoped to move ahead quickly afterward, working with Republicans and Democrats to advance a very ambitious public agenda," his

spokesman said. In the first public break from the majority party, meanwhile, two Republican senators announced that they

would vote against conviction on both articles of impeachment. Those signs of Republican defection increased the chances that the two articles of impeachment might not even

reach a majority of 51 votes, let alone

the two-thirds majority for conviction. The president's spokesman, Joe Lockhart, said that Mr. Clinton was likely to make a brief public comment once the Senate completed those votes.

The Senate majority leader, Trent Lott of Mississippi, said he hoped to conclude debate by 5 P.M. on Thursday "if at all possible," with the votes on the two impeachment articles to follow immediately.

'If we still have speeches and we can't do it then we will certainly go over to Friday," Mr. Lott said before the start of Wednesday's session, "but I think we need to begin to talk about that

Mr. Lockhart said President Clinton remained "open to the idea" of censure. But while many senators favor some statement of condemnation for Mr. Clinton's conduct in trying to mislead Americans and conceal his sexual relationship with Monica Lewinsky, the prospects for a censure motion appeared to dwindle

"I'd say it's doubtful right now," the Senate Democratic leader, Tom-Daschle of South Dakota, said of the chances of a direct vote on censure before the Senate adjourns Friday for a weeklong recess.

Censure faces stern opposition from some conservative Republicans, who say that such a step is not provided for in the U.S. Constitution. With "even three or four people committed to filibus-tering censure," said Senator Charles Grassley, Republican of Iowa, "it just is

impossible to get it."
Mr. Lockhart declined to comment on reports that the Justice Department was investigating the office of the in-dependent counsel, Kenneth Starr, regarding its initial contacts with lawyers for Paula Jones, whose harassment suit against Mr. Clinton first brought the name of Monica Lewinsky before the public. (Page 3)

impeachment trial, resumed its closed-door deliberations on Wednesday, after hearing from about 18 senators on Tues-

If the debate concludes Thursday afternoon, votes on whether to convict or acquit Mr. Clinton of the articles of impeachment, for perjury and obstruction of justice, would follow at once.

Acquittal is considered a virtual cer-tainty; all but one of the 45 Democrats voted earlier to dismiss the case, and conviction can be blocked by 34 votes. Senator Lott, in the courtly tones he

has used throughout the trial, enjoined fellow senators not to discuss their deliberations publicly.

But one Republican senator, James
Jeffords of Vermont, announced on CNN that he would vote against both

He predicted that at least six other Republicans, and possibly as many as 12, would join him.

See CLINTON, Page 3

	The Dollar	
New York	Wednesday @ 4 P.M.	previous close
Euro	1.1335	1.1306
Pound	1.627	1.6375
Yen	114.45	114.125
DM	1.7262	1.7301
FF	5.7901	5.8024
Dollars per p	ound and per euro.	
	The Dow	
7	Windowsky sleep	coment about
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+ 44,28	9,177.31	+ 0.48%
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Ŧ	9,177.31 S&P 500 1,223.55	+ 0.48%

### **Britain Gets** A Warning On Slowing Of Economy

By Tom Buerkle

LONDON - The Bank of England said Wednesday that the British economy was flirting with recession, a stark downgrading of its outlook that fueled expectations of further interest-rate reductions in the months ahead.

The bank, which only six months ago was warning about a possible upsurge in inflation because of strong growth, predicted that the growth of Britain's gross domestic product — the value of its goods and services — would be close to zero in the first half of this year before recovering with the aid of recent interest-rate cuts.

Growth in gross domestic product — which fell to 0.2 percent in the fourth quarter, the slowest rate in more than six years - should average between 0.5 percent and I percent for all of 1999. and return to its long-term trend of around 2.5 percent the following year, the bank said.

The bank's forecast comes amid growing concern about the slowing economies of continental Europe. Ger-many, a day after reporting that joblessness had surged to 11.5 percent, said Wednesday that its trade surplus narrowed in December to its lowest level in almost two years. (Page 13)

The sober new outlook, contained in the central bank's quarterly inflation report, amounted to the closest thing to an admission of error that a central bank is likely to give. It brought the bank closer into line with the forecasts of business economists and financial analysts, and explained the bank's recent zeal for cutting interest rates. The bank surprised many analysts last week by cutting its key short-term rate by one-half percentage point, to 5.5 per-

At the same time, the bank indicated that some members of its Monetary Policy Committee believe rates still remain too high because of strong disinflationary pressures in the British and world economies.

The Bank of England's announcement had little effect on financial markets, where many investors said they already anticipated slowing

Six months ago, the bank was fore-casting growth of 1.5 percent this year even though rates at the time were standing at a lofty 7.5 percent, "They've been very slow to recog-

See BRITAIN, Page 10

### East Timorese Leader **Leaves Prison for Talks**

By Keith B. Richburg
Washington Post Service

JAKARTA — With a smile, a wave and a clenched fist defiantly thrust in the air, the East Timorese resistance leader Xanana Gusmao emerged from prison Wednesday to be driven to a newly refurbished bungalow in Jakarta, where he begins a role at the center of negotiations over the future independence of his homeland. Mr. Guamao has been in prison since

he was captured by Indonesian troops in 1992, while he was leading the Fre-tilin guerrilla movement fighting the occupation of East Timor. His life sentence was later commuted to 20 years, but he was moved Wednesday to a form of house arrest as part of a deal with government officials to allow him to take part in newly accelerated talks — also involving the

United Nations and Timor's former

colonial power, Portugal — aimed at resolving the conflict. Indonesia claimed the territory in 1976, a year

after Portugal left.

If East Timor is eventually granted its independence—and the Indonesian government has said that this is a possibility if an autonomy offer is rejected - then Mr. Gusmao, 52, a Jesuittrained poet, is widely considered most likely to become the new nation's first president.

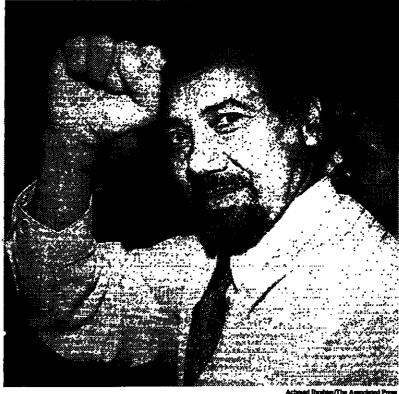
His move from prison to house arrest leaves him in custody, but it was an unmistakable sign of how far Indonesia has moved in its willingness to abandon a part of its territory and to open a dialogue with a man once con-

house, surrounded by cheering supporters with a large flag of independent East Timor, was another startling reminder of the changes that have swept Indonesia since the fall of President Suharto last year ushered in a period of

sidered to be a dangerous separatist. The scene of Mr. Gusmao at his new

openness and democratic reform. When he arrived at his new home, surrounded by a crush of journalists and supporters, Mr. Gusmao urged a

See TIMOR, Page 4



Xanana Gusmao raising his fist in an East Timorese rebel salute as he was escorted out of prison Wednesday to a ministry house in Jakarta.

## American Retirees Hear the Call of the Open Road

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By Rene Sanchez

SLAB CITY, California - The skies are bright, the beer is cold, and the doors of sand-swept motor homes and trailers strewn all over this baked and barren desert outpost are creaking open. Here come the Loners on Wheels, all gray-haired, all single, shuffling over to another afternoon happy hour in the middle of.

By the dozens, club members gather near clumps of tumbleweed as drinks and tales start to flow. They are one brigade in a growing army of retirees who spend their time roaming highways across the West, and this is their latest stop. An American flag the gang raised high over its makeshift camp when it pulled up snaps and twists in the stiff desert wind.

"I've been doing this full-time since '91," Irma Ruth boasts as she and two friends, all in their sixties, lean against the back of a muddy rig. "There's such freedom living this way."

"You realize you don't need all your stuff," chimes in Josi Roth. "And there's so much to discover."

Elwood Wilson asks: "You think we just want to sit around rocking a hole in the floor?" He takes a long swig from a dented can of Mil-ankee's Best. "Hell, no."

They are rebels and lonely hearts, misfits and wan-derers, Beats on Medicare, wrinkled Easy Riders whose grown children just don't understand. And every last one of them is out to defy what getting old in America often means.

Retirement homes, days and nights in the haze of television, playing host to endless Sundays at

D.H. Lawrence called "the great home of the soul," the open road. And especially the majestic highways that wind through the West.

There is no firm count on how many seniors are on the road year-round passing through campsites like the one here, but academics studying the culture suggest there are well over a million. And their ranks are swelling, fast

Memberships in national clubs for elderly roadsters the Loners on Wheels, the Wandering Individuals Network, Birds of a Feather - are climbing. Another group, the Escapees, has twice as many members, 30,000, as it did a decade ago. There are now health insurance plans, Web sites and

See AT HOME, Page 4

A Russian's Roulette / How the West Won a Reprieve

## When the Nuclear Alarms Went Off, He Guessed Right

By David Hoffman Washington Post Service

OSCOW — It was just past midnight as Stanislav Petrov settled into the commander's chair inside the secret bunker at Serpukhov-15, the installation where the Soviet Union monitored its early-warning satellites over the United States.

Then the alarms went off. On the panel in front him was a red pulsating button. One word flashed: "Start." It was Sept. 26, 1983, and Mr. Petrov was playing a principal role

in one of the most harrowing incidents of the nuclear age - a false alarm signaling a U.S. missile attack.

Although it was virtually unknown to the West at the time, the false alarm at the closed military facility south of Moscow occurred during one of the most tense periods of the Cold War. And the episode resonates today because Russia's early-warning system has fewer than half the satellites it did back then, raising the specter of more such dangerous incidents.

As Mr. Petrov described it in an interview, a Soviet satellite sent a signal to the bunker that a nuclear missile attack was under way. The warning system's computer, weighing the signal against static, concluded that a missile had been launched from a base in the

The responsibility fell to Mr. Petrov, then a 44-year-old lieutenant colonel, to make a decision: Was it for real?

He was situated at a critical point in the chain of command, overseeing a staff that monitored incoming signals from the satellites. He reported to superiors at warning-system headquarters; they, in turn, reported to the general staff, which would consult with the Soviet leader, Yuri Andropov, on the possibility of launching a

Mr. Petrov's role was to evaluate the incoming data. At first, the satellite reported that one missile had been launched — then another, and another. Soon, the system was "roaring," he recalled: five Minuteman intercontinental ballistic missiles had been launched, it reported.

decision and today is a long-forgotten pensioner living in a town missiles until some minutes after the satellites had-

He spoke openly about the incident, although the official account is still considered secret by authorities here. On the night of the crisis, Mr. Petrov had little time to think.

When the alarms went off, he recalled, "for 15 seconds, we were in a state of shock. We needed to understand, what's next?"

Usually, he said, one report of a lone rocket launching did not immediately go up the chain to the general staff and the electronic command system there, known as Krokus. But in this case, the reports of a missile salvo were coming so quickly that an alert had already gone to general staff headquarters automatically, even before he could judge if they were genuine. A determination by the general staff was critical because, at the time, the nuclear "suitcase" that gives a Soviet leader a remote-control role in such decisions was still under development.

N THE END, less than five minutes after the alert began, Mr. Petrov decided that the launching reports must be false. He recalled making the tense decision under enormous stress electronic maps and consoles were flashing as he held a phone in one hand and juggled an intercom in the other, trying to take in all the information at once. Another officer at the early-warning facility was shouting into the phone to him to remain calm and do

'I had a funny feeling in my gut," Mr. Petrov said. "I didn't want to make a mistake. I made a decision, and that was it." His decision was based partly on a guess, he recalled. He had been told many times that a nuclear attack would be massive, an onslanght designed to overwhelm Soviet defenses at a single stroke. But the monitors showed only five missiles. "When people start a war, they don't start it with only five missiles," he remembered thinking at the time. "You can do little damage with just five

Another factor, he said, was that Soviet ground-based radar Despite the electronic evidence, Mr. Petrov decided — and installations, which search for missiles rising above the horizon, advised the others — that the satellite alert was a false alarm. It was showed no evidence of an attack. The ground radar units were preparations for an attack.

a call that may have averted a nuclear holocaust. But he was controlled from a different command center and, because they relentlessly interrogated afterward, was never rewarded for his cannot see beyond the horizon, they would not spot incoming

Following the false alarm, Mr. Petrov went through a second ordeal. At first, he was praised for his actions. But then came an investigation, and his questioners pressed him hard. Why had he not written everything down that night? "Because I had a phone in one hand and the intercom in the other and I don't have a third hand,"

R. PETROV, who was assigned to the satellite early warning system at its inception in the 1970s, said in the interview that he knew the system had flaws. It had been rushed into service, he said, and was "raw." He said the investigators tried to make him a scapegoat for the false alarm. In the end, he was neither punished nor rewarded.

According to him and other sources, the false alarm was even-tually traced to the satellite, which picked up the sun's reflection off the tops of clouds and mistook it for a missile launching. The computer program that was supposed to filter out such information It is not known what happened at the highest levels of the Kremlin on the night of the alarm, but it came at a climactic stage in

According to a former CIA analyst, Peter Pry, and a separate study by the agency, Mr. Andropov was obsessed with the possibility of a surprise nuclear attack by the West and sent instructions to Soviet spies around the world to look for evidence of prep-

U.S.-Soviet relations that is now regarded as a Soviet "war

One reason for Soviet jitters at the time was that the West had unleashed a series of psychological warfare exercises aimed at: Moscow, including naval maneuvers into forward areas near Soviet strategic bastions, such as the submarine bases in the Barents Sea.

The 1983 alarm also came just weeks after Soviet pilots had shot down Korean Air Lines Flight 007 and just before the start of a NATO military exercise, known as Able Archer, that involved raising alert levels of U.S. nuclear forces in Europe to simulate

### Will the New Century Get to London on Time?

Its New Transport Line Is Late and Over Budget

By Tom Buerkle

ONDON — For commuters used to ! \_ Jim, narrow, crowded platforms and tunnels of the London Underground, the station nearing completion at the Canary Wharf office complex in East London is a revelation of the possibilities of mod-

ern mass transit.

The curved green glass entrance canopy feeds into a cavernous 1,030-foot
Tunnicliffe said. But, he said, "I am long (314-meter) station, large enough to fill the 50-story Canary Wharf tower - Britain's tallest building - if stood upright. Natural light pours down to track platforms 69 feet below ground. and the curved concrete roof conveys an to take charge. The U.S. engineering architectural elegance.

"The sheer volume and the space it's almost cathedral-like," said David Nelson, the Foster & Partners architect who designed the station.

This temple of 21st-century transportation lies along a 10-mile eastern ex-tension of the Underground's Jubilee spring for the first section to open and Line that is to link central London with Canary Wharf and the nearby Millennium Dome. The extension promises to revitalize wide areas of East London and subway system.

When it opens.

Therein lies the problem weighing heavily on Underground managers and the British government.

Tunneling problems and disputes with electricians delayed the opening planned for 1998 and have driven the cost 50 percent above budget, to an estimated £2.9 billion (\$4.75 billion). Now, construction crews are racing to finish before the end of this year.

Failure to do so would be a disaster for the Millennium Dome, a festival site costing £750 million that is relying on the line to bring 35,000 visitors a day.

Saying there was "every doubt" whether the extension would open before the dome did. Richard Ottoway, transportation spokesman for the opposition Conservative Party, warned the House of Commons last week that Britain would be "the laughingstock of the world" if the extension was not running by the end of the year. Transportation officials were more upbeat, but they aren't yet willing to guarantee an opening date, talking instead of opening the extension, in three

#### Correction

Because of an error in calculation, a table in Saturday's editions of The Money Report misstated the price movement of shares in the French insurer AXA. The shares rose 109.8 percent from Oct. 10, 1997 to Jan. 29 of this year. The table also did not reflect the company's new name, which took effect Jan. 1.

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Trading the Dow Jones Industrial Average " An Introduction

phases, by late autumn. John Reid, the transport minister, said

the government was "determined" that the full line would open before 2000. Denis Tunnicliffe, chief executive of London Transport, the agency that runs the Underground, estimated it would be fully open in October or November, with a key test this spring when the east-

more confident of that program than I think I have ever been.

His confidence stems from two big changes. As delays mounted in the fall, London Transport drafted Bechtel Inc. impression of engineering strength and company brought new energy and expertise to the job, and it knows its reputation is on the line.
"We'll get it done," said Clifford

Mumm, the Bechtel executive supervising the project.

Mr. Mumm noted that all technical spring for the first section to open and acknowledged that the agenda left little room for glitches. "We're short on contingency time," he said.

In a second change, Drake & Scull, a be a shot in the arm to the world's oldest key subcontractor, last week reached an agreement with electricians that the company hopes will end disputes and boost productivity. Using tactics that Britons like to think

have been banished from this side of the English Channel, the electricians went on strike for two weeks in November and since then have been working at less than full speed. The new deal offers productivity-related bonuses of as much as 34 percent of hourly wages and £2,266 for each worker upon completion. Chris Raven, a Drake & Scull ex-

ecutive, said, "It certainly gives us a good chance."

Project managers plead for under-standing about the delays and bristle at comparisons with the Meteor line that opened last year in Paris. While the Meteor was a relatively shallow, cut-and-fill construction job, most of the Jubilee extension required difficult tunneling at depths of as much as 100 feet, including the rebuilding of Westminster station underneath the Houses of Parliament and four crossings under the River Thames.

But the problems could derail plans for further expansion of the 243-mile (391-kilometer) Underground system that executives say will be vital to keep

this city moving in the new millennium.

"The present experience is clearly adverse." Mr. Tunnicliffe said. "We're late, and it's going to cost significantly more than budget." But when travelers "experience what a 21st-century underground is compared to a 19th-century underground," he said, "then I think pressure will increase" for more ex-

16787592

### TRAVEL UPDATE

#### Strike Set for Sunday On London's Subway

LONDON (Reuters) - Staff on London's Underground are going ahead with a two-day strike over job security after talks broke down Wednesday. The strike will start at 6 P.M. Sunday

and run until late evening the following

"There will be severe disruption to the network, starting on Sunday night but building up over the next two days,"

a spokesman for the Rail, Maritime and Transport union said. The union, which represents 6,300 of the Underground's 15,000 employees, called the strike over the possibility of dismissals as a result of the government's

decision to partly privatize the system.

#### American Air Cancels 900 More of Its Flights

DALLAS (AP) — American Airlines asked a U.S. judge to order its pilots to stop calling in sick in a dispute that forced the carrier on Wednesday to cancel 900 more flights around the world.

AMR Corp., the airline's parent company, asked U.S. District Judge Joe

Kendall for a temporary restraining order and asked that the pilots be held in contempt of court if they continued to call in sick. (Page 11)

An airline lawyer, Dee Kelly, also asked for damages, saying that American was losing money every day that the sick-out" continued. The latest strife between American

and its pilots has now grounded about 2,500 flights since Saturday. American says that an average of 100 passengers are affected by each canceled flight, putting the total at around 150,000 passengers affected by the job action.

#### Airlines Would Pay Stranded Passengers

#### WASHINGTON (AP) — Airlines

like those that kept passengers stranded on snowbound tarmacs this winter would have to pay heavy fines under the latest proposal to increase passenger rights. Representative Bud Shuster, a Pennsylvania Republican and chairman of the House Transportation Committee, planned to include the requirement in gislation to be filed Wednesday.

Under his bill, airlines that held passengers for two hours would have to repay them twice the value of their ticket, passengers held for three hours would receive three times the value of their ticket, and so forth.

Airlines have said that they cannot be held accountable for bad weather or the unavailability of gates.

About 500 skiers will be asked to submit to an alcohol test on the slopes of Davos, a ski resort in northeast Switzerland, the Office for Accident Prevention in Bern said Wednesday.

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Herald Eribune

THE WORLD'S DAILY NEWSPAPER

#### **Greens' Refusal to Compromise Puts Strain on German Coalition** with the conservative Christian Demo-

BONN — A major rift appeared in Chancellor Gerhard Schroeder's coalition Wednesday as Greens politicians refused to compromise on a plan to relax the country's bloodline-based citizen-

Mr. Schroeder, in turn, accused the ecologist Greens of weakening the coalition by pursuing a too radical

Mr. Schroeder acknowledged Tues-day that a surprise election defeat for the Social Democrats and Greens in the state of Hesse on Sunday meant his coalition would have to seek a compromise with rightist parties, which oppose the original reform plan.

But the Greens rejected Mr. Schroeder's offer of cooperation with: opposition parties to weaken the pro-cinde "clear limits" on dual citizenposal, which at the moment reflect the Greens' liberal policy on naturalization. The Greens interior affairs spokes-

cratic Union was out of the question as long as they continued a campaign against dual nationality. "The CDU is not capable of doing business on this," he told German radio.

The CDU campaign against the reform was seen as a major factor in swinging the Hesse election in their favor. The Greens insist the bill retain provisions allowing widespread dual cit-

izenship, the clause the CDU objects to, arguing it discriminates against "native" Germans.

Under the new law, citizenship would be available to around half of Germany's 7.4 million foreign population.

Backtracking from his policy goals, Mr. Schroeder said the bill, due to be passed this summer, would have to in-

ship.
"Dual citizenship will not be made available indefinitely to foreigners, but man, Cem Ozdemir, himself the son of rather for a limited time period." he told Turkish immigrants, said a compromise the Sueddentsche Zeitung.

#### 300 Are Still Missing: From Sunken Ferry

JAKARTA — Rough seas and strong winds were hampering the search for more than 300 peoplemissing after a ferry sank off central Indonesia over the weekend, officials said Wednesday. "We haven't received any in-

formation from our crews on the scene," said navy Lieutenant Hadi Pangestu, citing poor communica-: tions in the bad weather. The head of Pontianak port in"

West Kalimantan on Borneo said. the 100-foot-long Harta Rimba sank: around midnight Saturday. "It was carrying around 325 passengers,"said the port chief, whose name is Zainuddin. "So far an international ship has rescued 19 people including the ship's captain

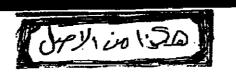
The captain said he distributed 200 life jackets to passengers, telling the rest to cling to blocks of wood and drums to stay afloat.

### WEATHER



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THE AMERICAS

Reno Sets

A Plan to

Investigate

Starr Team

By David Johnston

and Don Van Natta Jr.

WASHINGTON - The Justice

New York Times Service

Department has decided to begin an

inquiry to determine whether Ken-

neth Starr's prosecutors misled At-

torney General Janet Reno about

possible conflicts of interest when

they obtained permission to inves-

tigate the Lewinsky matter in January 1998, according to government

Among other concerns, the in-

quiry will focus on whether the

prosecutors were truthful when they

asserted that there had been no con-

tacts between Mr. Starr's office and

the Paula Jones legal team in the

weeks leading up to Mr. Starr's de-

cision to ask Ms. Reno to expand his

inquiry beyond the Whitewater

matter, said the officials, who spoke

In recent months, documentation

has emerged that indicates there

were conversations between a pros-

ecutor in Mr. Starr's office and a

lawyer working behind the scenes

with the Jones legal team from

notes taken at the initial meetings on

Jan. 15 and Jan. 16, 1998, between

Mr. Starr's prosecutors and Justice

Department officials, show that the

prosecutors flatly asserted that there

had been no contacts with the Jones

deputy attorney general, wrote in his three pages of notes of a Jan. 15,

1998, meeting with Mr. Start's prosecutors: "They've had no con-

Handwritten notes by two other

Justice Department officials, Monty

Wilkinson and Josh Hochberg, cor-

roborate the statements attributed to

Moreover, notes taken by another

tact with plaintiff's attys."

Mr. Starr's prosecutors.

For example, Eric Holder Jr., the

But a series of newly disclosed

November 1997 to January 1998.

on the condition of anonymity.

officials.

## Parties Look for Ways to Deal With Impeachment's Aftermath

By Alison Mitchell New York Tunes Service

ssed Right

different command center and, because to the horizon, they would not spot income the satellites had.

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was praised for his actions. But then came is questioners pressed him hard. Why hadles is questioners pressed him hard.

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300 Are Still Missin

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JAKARTA - Rough seas a

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WASHINGTON - As the Senate year was all about. voted to keep its final deliberations on impeachment closed, the proponents of secrecy argued one last time that American juries always make their decisions in private. Yet, even as they scored a victory, time was passing them by.
With President Bill Clinton's acquit-

tal certain later this week, impeachment is rapidly moving out of the trial phase and into the realm of pure politics. After the yearlong scandal over the president's the 1868 trial of President Andrew Johnaffair with Monica Lewinsky and five

begun their effort, for both the 2000 Mr. Clinton's impeachment to win con- said that he wanted to make the conduct minutes and Kennedy's first inaugural what the impeachment drive of the past Senate

gress in 2000.

All of these calculations are now com-

Mr. Clinton has almost two years left ing into play in the endgame of this trial. to try to find some major achievements. For that reason it was only Republicans that could counterbal- on Tuesday who voted to keep delibance for history the scan-erations closed. Although many said ANALYSIS dal that followed his they thought the senators might yet sway sexual encounters with a each other, others said that they were White House intern. Republicans are trying to cut off partisan posturing and searching for a way to defy the verdict of keep the Democrats from using their current public opinion and have this speeches to stoke a backlash against impeachment judged more kindly than Republicans. Republicans. Senator John Kerry, Democrat of

must with Monica Lewinsky and five son, which is viewed today as a partisan Massachusetts, who is weighing a presiment of congressional impeachment vendetta. And congressional Democrats idential bid, showed just what the Reproceedings, the political parties have are hoping to ride the public anger over publicans were looking to avoid when he Gettysburg Address in less than three

campaign and for history, to explain trol of the House and possibly even the of the independent counsel, Kenneth Starr, a critical element of the final de-

"All we have in front of us is a crime, so-called, that arose out of a private consensual affair," he told reporters, "and I think most Americans understand that that crosses the zone of privacy that has serious implications for constitutional rights and fairness. I think that is a part of this case." The Republicans by contrast want to

change the subject fast. Senator Trent Lott, the majority lead-

er, urged senators as they deliberate to remember "that Lincoln gave his

was slightly over seven minutes."

To show they are ready to move beond impeachment, the Republicans have bills ready to move on military salaries and education and are poised to begin a debate over tax cutting. "We need to pivot and go on and get the impeachment behind us and start really talking about the business that people do care about," the new House speaker, Representative Dennis Hastert of Illinois, said in an interview on CNN. He also said that "Congress, if we're going to get anything done, has to work with the president.

But before Congress can move on, there is one last impeachment issue to resolve: whether to censure Mr. Clinton, and here, too, longer-term political questions, as well as constitutional ones, are being calculated.

Most of the proponents of censure are Democrats who want to make a statement that their vote to acquit Mr. Clinton does not mean they condone his be-

"If he's acquitted, and I think he will be, there will be those who say that those of us who voted for acquittal exonerate his conduct," said Senator Richard Durbin, Democrat of Illinois, "and

that's not true. And so intent are they on censuring Mr. Clinton that some Democrats are threatening that they will keep trying to attach such a rebuke to pending legislation throughout the spring if Repub-

licans do not agree to censure this week. Senator Robert Torricelli, Democrat of New Jersey, who is the head of the Democrats' 2000 election effort, said this would hurt the Republicans. "It becomes very hard for them to explain why they were so incensed they wanted to remove the president from office and won't provide the others even a vote on a censure resolution," he said. "They are increasingly in a situation where they

cannot extricate themselves or explain Despite Mr. Torricelli's confidence, there are other Democrats and Republicans alike who believe Mr. Clinton's currently high job approval ratings may

well fall once he no longer seems under threat of removal by Congress. One senior Senate Republican staff member noted that in October 1991, during confirmation hearings, the Amer-

ican public believed Justice Clarence A year later, he said, the public had changed its mind and come to believe

Anita Hill's account of sexual harass-So, a growing chorus of Republicans

and conservatives are saying that their party should not join the censure effort



Senator Trent Lott, the majority leader, waving on his and thus give Democrats an insurance

participant in the meeting. Steven Bates, a prosecutor in Mr. Starr's office, indicate that Jackie Bennett, one of Mr. Starr's deputies, told the Justice Department officials: "We've had no contact with the plaintiffs' attorneys. We're concerned about appearances.'

evidence in the Justice Department inquiry, which will be conducted by the Office of Professional Responsibility, which investigates prosecutorial misconduct. The lawyers' notes became public just last month as part of the Senate record of documents related to the impeachment

trial of the president. The truthfulness of Mr. Starr's prosecutors is one of several issues that the department wants to examine, the government officials

Lawyers in the ethics office also intend to investigate whether Mr. Starr abused his authority to convene grand juries or improperly pressed witnesses, like Monica Lewinsky, and disclosed secret grand jury information to the news media, the officials said.

#### Continued from Page 1 Senator Bill Frist, Republican of Tennessee. But Mr. Jeffords and another moderate Republican, Senator Olympia Snowe of Maine, now support censure, after authors of a proposed meafirst Republican to declare opposition to both arsure added wording that orged future Congresses to

CLINTON: President Looks Ahead to a New Agenda

Another Republican, Senator Arlen Specter of Pennsylvania, citing the laws of Scotland, said there could be "three possible verdicts: guilty, not guilty, not proved."

Mr. Specter said he would exercise his right to 'not proved' to both articles, saying the House prosecutors' hands had been tied by Senatemposed restrictions.

if Democrats vote as a bloc - and no more than one or two defections are expected, at most - that could prevent either article from gaining even a

The 13 House "managers" have said they hope for at least one article to pass by a majority as vindication of their work.

"A failure to get 50 votes would be significant," said Senator Robert Torricelli, Democat of New Failure to get 50 votes undermines the cred-

ibility of the entire impeachment process." The expected acquittal would remove the yearlong peril to Mr. Clinton's presidency, if not the percent who rated it a failure.

But Republicans, and some Democrats, will watch carefully for even the slightest sign of crow-

ing or claim of vindication. The president's reaction, Mr. Lockhart said, will be measured and grave, amounting to "relief and an anxiousness to continue doing the job that he's been

"He understands the wrongful nature of his behavior," the spokesman said.

Mr. Lockhart told reporters that the president was "open to the idea of censure" but would not

"We haven't received are was "open to the formation from our crews at discuss details. "I don't think it's appropriate for us to indicate replied: or my to prescribe" punishment, he said.

"Well, I don't know that you conservative Republicans, including Senator that none of this ever happened

Phil Gramm of Texas, appear to have the clout to prevent censure from coming to the Senate floor, at repeatedly: "It's the people's business that comes some senators say, would be tantamount to cen-

"The push for censure is losing steam," said to do that."

presidency had been a success, as against only 20 But many Americans have doubts about how

honor the reprimand, The New York Times re-

rescinded by a future Congress, as happened in the case of President Andrew Jackson.

include a new expression of contrition. The pres-

ident was in western Virginia on Wednesday for a

private meeting with House Democrats at an annual

Democrats, while exhausted by the yearlong Lewinsky drama, have watched with some

amazement as their party has emerged strengthened, with growing public support, while Republicans have been so badly bruised that some

analysts say they now risk losing control of Con-

A new opinion survey by the Gallup Organization, for CNN and USA Today, found that 77

percent of Americans now believed that the Clinton

Some advocates fear that a censure could be

Mr. Clinton's expected statement is likely to

well Democrats and Republicans, their relations sorely strained by the impeachment proceedings in the House and the trial in the Senate, will be able to work together in the two years remaining of Mr.

Mr. Lockhart insisted that Clinton was ready to turn a page on impeachment as soon as the final votes were cast, and work with Republicans and

Democrats on what h e called "a very ambitious Asked whether it was possible to rise above the impeachment-poisoned atmosphere, Mr. Lockhart

'Well, I don't know that you can ever pretend He said, however, that Mr. Clinton had said

least until after the weeklong recess. Such a delay, first and in order to do the people's business, the president has to work with Democrats and Reiblicans in the House and in the Senate. He plans

### way Wednesday to the deliberations on Mr. Clinton. policy in case public opinion changes.

#### POLITICAL

#### Modest Tax Cut Proposed

WASHINGTON - Casting doubt on the viability of one of their party's main goals this year, a group of moderate House Republicans plans to reject calls for a sweeping income tax reduction and instead is building support for a more modest package of tax cuts, according to

The group of 11, led by Nancy Johnson of Connecticut, was to introduce a plan Wed-"nesday that will scale back the so-called marriage penalty paid by many two-income couples; raise the amount of income that retirees can earn without losing Social Security benefits, and enact other changes that would cut taxes by \$100 billion over five years.

WASHINGTON — The crimes against humanity

tor, newly declassified doc- that had long existed between

By Tim Weiner

New York Times Service

FBI tried to track suspected

associates of Chilean leftists

in the United States in the

1970s on behalf of the gov-

egument of General Augusto

Pinochet, the Chilean dicta-

-The FBI sent agents in New York and Dallas to search for

two people whose names had

been found in the address beek of a courier for an underground Marxist group in Chile, according to the doc-

The courier was arrested in

Paraguay in 1975, and Paraguayan police passed on

the information to U.S. officials, the records show.

vestigation in the United

States of the aforementioned

people and addresses," the

FBI's legal attache in Buenos

Aires wrote to a Chilean of-

ficial in June 1975. "I will

inform you of the results of

the investigation as soon as I

Nothing came of the FBI

investigations detailed in the

documents. The bureau could

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The FBI initiated an in-

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chairman of the Budget Committee, that would cut income tax rates by 10 percent. If fully enacted at once, such a cut would reduce revenues by around \$375 billion over five years.

The move is the first effort by Republican moderates to flex their muscle this year in the House. Republican leaders in both the House and Senate have been trying to rally the party around an income tax reduction at the top of their post-impeachment agenda.

#### Clinton Thanks Caucus

WASHINGTON -- In a closed-door session with House Democrats at their retreat in Wintergreen, Virginia, President Bill Clinton has expressed his gratitude to lawmakers in what apparently was an implicit thank you for their support on impeachment.

Participants said that Mr. Clinton, who did not directly mention the impeachment issue, told the approximately 100 lawmakers that he wanted to p them win back the House next year. He also said he was determined that Richard

Gephardt of Missonri, the minority leader, would become the next speaker, and he praised Mr. Gephardt for deciding not to challenge Vice President Al Gore for the Democratic presidential nomination next year. The enthusiastic welcome he received from

House Democrats marked a departure from their often frosty relations in the past. House Democrats have long complained that the president was not particularly interested in working with them. Many of them also have groused that Mr. Clinton has worked more closely with Republicans on Capitol Hill. But impeachment led many of Mr. Clinton's old foes in the Democratic Party to rally behind him. (NYT)

On Dec. 1, U.S. govern-

would declassify records of

Washington's relations with

the Pinochet government, and

the Spanish authorities pur-

sning Pinochet are keenly in-

terested in seeing those doc-

(Hong Kong)

### **Away From Politics**

 More than eight feet of snow on the Sierra Nevada in four days closed Interstate 80 and triggered voluntary evacuations at parts of Lake Tahoe amid fear of avalanches. Several roads were shut because of vehicle spinouts and near-blizzard conditions. Hundreds of workers were sent home early in Reno, Carson City and other cities. (AP)

- · College fraternities must start accepting women members, Dartmouth College has decided. President James Wright said the decision to have the fratemities go coed - and the school's sororities, too - is intended to encourage "respectful relations between women and men" and is part of an overhaul of life at the New Hampshire Ivy League school.
- The leading weight-loss programs in the United States have voluntarily agreed to disclose information to consumers about the costs and risks associated with their diet plans. Under the guidelines, the companies will warn customers that weight loss after the first two or three weeks of dieting should not exceed three pounds (one and a half kilograms) a week.

#### The plan is intended as an alternative to one being developed by John Kasich of Ohio, the

warrant to face charges of

committed during his rule

the documents showed a

routine form of cooperation

from 1973 to 1990.

FBI Assisted Chile in '70s, Documents Show

FBI officials who spoke on to Chile, where he disap-condition of anonymity said peared in a prison, according

# HAVE YOU CALLED

on whether he may be ex- the bureau and many foreign the FBI at the request of The tradited on a Spanish judge's law-enforcement services. New York Times.

The arrested Chilean

seized in Paraguay, Jorge

Isaac Fuentes, was sent back

peared in a prison, according

Documents on the Fuentes

case were made available by

to Chilean records.

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Switzerland, U.K. Austria, Central & Eastern Europe Germany Italy

Sweden Rest of Europe, Mid. East & Africa

the case. Their nationalities and whereabouts are un-Still the records show that the FBI worked in liaison with the Pinochet government during the mid-1970s,

leftists were rounded up and killed, Mr. Pinochet, now 83 and in London, is awaiting a rul-ing by Britain's highest court

whose address book was ment officials said they

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#### ASIA/PACIFIC

### Tung Orders Justice Official To Beijing to **Calm Dispute**

HONG KONG - The chief executive of Hong Kong, Tung Chee-hwa, said Wednesday that he would send his justice secretary to Beijing to help cool a simmering constitutional dispute with the mainland over a Hong Kong court's

immigration ruling.

"In the past few days," Mr. Tung said at a news conference, "I have kept in touch with the central authorities and have arranged for the secretary of justice to visit Beijing as my representative to communicate further with relevant departments of the central authorities."

Mr. Tung is sending Elsie Leung, the justice secretary, amid controversy over a Jan. 29 immigration ruling by the region's Court of Final Appeal that opened the door to tens of thousands of mainlanders and is threatening the first constitutional crisis since Britain handed Hong Kong back to China in July 1997. The ruling bestows the right to live in

the region on illegitimate children of Hong Kong residents and on children born before either parent became a Hong Kong resident.

Some mainland experts and a top Chinese cabinet official have criticized the ruling, charging that it contravened the Basic Law, Hong Kong's post-

colonial constitution. They also said it challenged decisions by the National People's Congress, the Chinese Parliament, which had barred such children from Hong Kong resid-

Beijing backed off Tuesday, saying it would continue to abide by the "one country, two systems" principle under which Hong Kong is promised a high level of autonomy and judicial inde-

pendence for 50 years. Miss Leung is widely expected to explain to mainland authorities the in- counter it. tricacies of the court ruling and to discuss other matters of legal jurisdiction in her forthcoming Beijing visit.
"They are not simple issues," Mr.

Tung said.
"It may take a bit of time for all the complex issues to be resolved. But I have every confidence that they will be pone unification between China and Tai-

### Anwar's Judge Restricts Media

KUALA LUMPUR — The judge in the criminal trial of the former deputy prime minister of Malaysia, Anwar Ibrahim, ordered news media Wednesformer police chief.

Judge Augustine Paul, delivering the second blow to Mr. Anwar in as many days, said testimony that he had given earlier in the day about Prime Minister Mahathir bin Mohamad and former Inspector-General of Police Abdul Rahim Noor was inadmissible.

Judge Augustine also barred news media from reporting Mr. Anwar's statements about the two men. "I will instruct the press not to publish all this unless it is proven." he told the court.

On Wednesday, his third day of testi-mony in his corruption trial, Mr. Anwar spoke at length about conversations he had had with Mr. Mahathir and the former police chief before he was dismissed and arrested.

It was the second time during the three-month-old trial that the judge had ordered news media to withhold publication of testimony given in court.

In December, he instructed the media not to print excerpts of an audio tape recording, which a defense lawyer said proved a conspiracy to oust Mr. Anwar, dismissed and arrested in September. sparking anti-government protests.

Mr. Anwar has pleaded not guilty to 10 counts of sodomy and corruption and

**Continued from Page 1** 

halt to fighting in his homeland and

asked all sides to be patient while he

began seeking a solution to the dispute.

heavy task, and I have to do it. That's

why I am here," he said. "I feel that with talks with East Timorese from all sides, I

"In my opinion, the priority now in solving the problems of East Timor is to

He said all sides in the conflict should

"reduce their enmity or hostility" to

Justice Minister Muladi of Indonesia,

who was at the house to greet Mr. Gusmao when he arrived, said, "Xanana is here not only to sit, but also to work, to

help solve the problem of East Timor."

the Indonesian and Portuguese foreign ministers, Ali Alatas and Jaime Gama. produced the broad outlines of an agree-

ment, but the two sides still differ over a

key point: Portugal insists on a refer-

endum to decide East Timor's fate,

while Indonesia wants to find an al-

ternative method of "consultation" to

Jakarta officials say they fear that a

referendum on Timor could be costly,

hard to organize and might touch off

fighting among rival Timorese factions.

For the many East Timorese who have

Talks in New York this week between

can create an East Timorese nation.

create a peaceful climate," he said.

make his job easier.

gauge local sentiment.

'I feel that I have been given a very

TIMOR: Resistance Leader Out of Prison



Police arresting a mainland protester seeking residence rights at the Hong Kong government offices Wednesday.

### CHINA: Taiwan Reports a New Deployment of Missiles by Beijing

Continued from Page 1

biguous defense ties with Taipei would be seen in Beijing as an attack on called a fishing facility on Mischief Reef Chinese interests.

In 1996, the United States and China pines. engaged in a tense standoff over Taiwan when China conducted missile tests near the island and the U.S. government dispatched two aircraft-carrier battle

groups to the region.

The Taiwan Relations Act calls on the U.S. government to sell Taiwan enough weapons to defend itself, but it is vague on whether U.S. troops would defend the

Chinese security analysts view missile defense as a "force multiplier" something that would deny them their main tactical advantage over Taiwan's army. China has a substantial missile threat; Taiwan has little means now to

Randall Schriver, former senior country director for China in the office of the secretary of defense, said Beijing was also concerned that including the island of 21 million people under the umbrella would embolden Taiwan's fledgling independence movement and further post-

Finally, U.S. proposals to include South Korea and Japan under the umbrella, which have gone much further than talk about Taiwan, are also bothering Beijing. These proposals were spurred by the firing of a North Korean missile on Aug. 31 that flew over Japan. The flight underscored dramatically that the 100,000 American troops in Asia are potential targets of North Korean mis-

U.S. officials said they had conducted talks in the last six months with Japan day not to report court testimony by Mr. and South Korea about establishing an Anwar about the prime minister and the anti-missile defense umbrella over these countries but declined to provide more specific details about whether the program would be land-based or sea-based. They have also raised the possibility with Japan that it might help pay for

> Chinese analysts have written in recent weeks that they fear the United States is using the furor caused by Pyongyang 's missile test as an excuse to expand its security agreements with South Korea and Japan into an anti-Communist bloc. For the first time in more than a year, these analysts are voicing concern that the United States is trying to contain China.

> On Jan. 12, Sha Zukang, director general of the Foreign Ministry's arms control and disarmament division, warned in Washington that an American decision to go forward with the missile defense program would touch off a new arms race.

> velop "more advanced missiles," Mr. Sha warned. "This will be in nobody's interests," he said. "We wish the United States was taking a more cautions and

Some Western analysts and officials say they worry that China might react to this perceived alliance by adopting a

some of the research, the officials said.

It would force other countries to deresponsible attitude.

has said he was the victim of a con-spiracy by associates of Mr. Mahathir. The aggressive stance in Asia, par-ticularly toward Taíwan.

an important step in a long process. But some expressed anger that the rebel lead-er had not been freed and allowed to

return to East Timor, while others

viewed Indonesia's latest independence

offer, and the rejection of a referendum,

with suspicion.

In recent months, Beijing has restarted a drive to extend its reach in the South China Sea, building up what it has

in waters claimed by the Philip-

In a statement Wednesday, Taiwan's Defense Ministry said, "The threat of the Chinese Communists' guided missile tests has an impact not only on the

military front but also on the political, economic and psychological fronts." At the heart of the problem, Western and Chinese analysts say, is a yawning gap between U.S. interests in Asia, elucidated last November in a Pentagon report, and Chinese interests, set out in

China's first defense white paper issued

Simply put, the Pentagon argues that the American network of security arrangements and treaties is the region's bedrock of stability.

The missile defense system would strengthen these alliances, Pentagon officials say, and it would also go a long way

to ensure that U.S. troops would be stationed in Asia for many years to come.

The Chinese call these alliances, stretching from Australia to Japan, "relics of the Cold War" and say they will

destabilize the region. They ultimately

want U.S. troops out of Asia as part of China's goal to become the major regional power in Asia.

March 1996 that prompted the United States to send the two naval battle groups near the Taiwan Strait.

relations with China are entering what U.S. officials acknowledge could be a difficult period. The honeymoon, occasioned by summits between Presidents Bill Clinton and Jiang Zemin in 1997 and 1998, is over, they say. China has denounced U.S. demands that North Korea allow a team of Amer-

ican experts to visit an underground site at Kumchangri, where U.S. officials worry the North Koreans are carrying out a nuclear weapons program. A broad array of Western analysts and officials say China has itself blame for the renewed urgency about theater mis-

sile defense in Asia. China, they charge, has not used its leged 20-year campaign to gain illegal influence on North Korea to slow its race access to sensitive U.S. military techto develop longer-range missiles with improved accuracy.

## Albright Will Tour Asia **Amid Concern on China**

WASHINGTON — Secretary of State Madeleine Albright will travel to China, Thailand and Indonesia in March amid growing concern in Washington that Chinese-U.S. ties are again headed in the wrong direction.

"The purpose of the secretary's trip is to affirm continued U.S. strategic commitments to Asia and take up specific regional and bilateral concerns, the Asian financial crisis and progress toward free, fair and credible elections in Indonesia," said the State Department spokesman, James Rubin.

Another official said that her trip was also intended to complete an Asian trip. that she was forced to cut short in early November, skipping planned visits to Bangkok and Jakarta because of esca-

lating tensions with Iraq.

After leaving Washington on Feb. 28,
Mrs. Albright will travel to Beijing for
meetings with senior Chinese officials
the first two days of March.

Here serve is the grant days of the server is the server in the server in the server is the server in the server in the server in the server is the server in the s public soon two reports to Congress that also could cause concern in Beijing. One is on prospects for developing a theater-

Her focus is "our expanding strategic dialogue with China and to facilitate progress on a range of bilateral issues," Mr. Rubin said.

On March 3, Mrs. Albright will travel

On the following day, Mr. Rubin said, "she will be in Indonesia to provide her an opportunity to explore with the government and opposition leaders key developments, including preparations for national elections scheduled for this June, the future of East Timor and strengthening prospects for early eco-

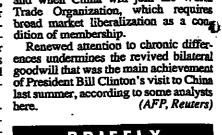
nomic recovery."

No major initiatives are expected during this four, which analysts in Washington regard as largely aimed at pre-paring for Prime Minister Zhu Rongji's first official visit to the United States, possibly in April.

"Both sides are rather nervous that the whole relationship is losing air speed and altitude pretty quickly," commen-ted Robert Manning, who is Asia director at the nonpartisan Council on Foreign Relations.

Mr. Zhu's visit could come at an awkward time, just weeks after the State Department has issued its annual human rights review and Congress has declassified much of a report on China's al-

The human rights review will-likely



#### BRIEFLY

commin sharp criticism of Beijing for a stepped-up campaign against political

dissent, as the country struggles to keep a lid on discontent spurred by rising

The congressional report on U.S. technology transfers to China could also

complicate relations between the

world's largest economy and the most

Representative Douglas Bereuter, a moderate Republican on the House panel looking into China's high-tech acquisitions, said Tuesday that the com-

mittee had found "grave and extraor-

dinarily damaging losses to American national security by Chinese espionage

because of lax security measures."

Once the report is released, "I think it will create differences," said Mr. Beren-

ter, who is from Nebraska. He stressed

The Pentagon is expected to make

that it could be "a very serious bump."

missile defense in Asia, and the other is

on the military balance between China

Washington and Beijing are also at odds over their rising trade imbalance and when China will join the World

unemployment.

populous country.

and Taiwan.

#### **Burma Regrets** Boycott of Talks

BANGKOK — The Burmese government expressed regret Wednesday that the United States and Britain would not be sending representatives to an international conference on the heroin trade to be held in Rangoon at the end of the month.

A Burmese news release said the two Western nations "bear a special responsibility to work with the rest of the international community" because as major heroin markets they

fuel the international drug trade. Belgium, the Netherlands, Denmark and Italy have also reportedly decided to boycott the conference. Washington has been sharply critical of Burma's military govern-

ment. It has applied a broad range of sanctions, including limits on official contacts, to show disapproval of the regime's human-rights record and its failure to turn over power to

#### Strike Toll Rises In Bangladesh

DHAKA, Bangladesh — Two people were killed and more than 100 injured in clashes in Bangladesh on Wednesday, the second day of an opposition-led strike.

Wednesday's violence brought the number of deaths in two days to three and injuries to about 200 and prompted warnings from diplomats that Bangladesh was nearing polit-

ical chaos. One of the dead, a student described as a government supporter, was shot and killed by political rivals at Feni, southeast of Dhaka.

Three major opposition parties began the strike Tuesday seeking to topple the nation's top elections official. They accuse him of pro-government bias and demand that he quit before municipal elections Feb. 23-25. (Reuters) (Reuters)

#### Hun Sen Builds Ties With Beijing

BEUING — Cambodia's prime minister, Hun Sen, met Wednesday with President Jiang Zemin of China and said that high-level con-tacts between China and Cambodia had helped push ties to "a new high," state media reported. Mr. Hun Sen's meeting with Mr.

Jiang followed talks Tuesday with Prime Minister Zhu Rongji and the signing of five agreements, including an extradition pact. The other agreements covered Chinese loans to Cambodia and cooperation in economics, technology, tourism and culture, the China Daily newspaper reported. Media reports did not say wheth-

er the talks had touched on international efforts to prosecute Cambodian Khmer Rouge leaders. (AP)

#### Prosecution Rests In Singapore Case

SINGAPORE — The prosecution completed its case Wednesday against two opposition politicians accused of holding a public speech without a permit in a trial challenging Singapore's restrictions on civil liberties.

But the leaders of the small Singapore Democratic Party, which has no members in Parliament, said they would testify to challenge a law they consider an unconstitutional restriction on free speech. The case was adjourned until Feb. 22. (AP)



ROOFTOP INFERNO - Firefighters dousing flames Wednesday after a helicopter lowering an air conditioner crashed on the top of a Cape Town building. Four people on board were killed in the accident.

#### AT HOME: No Rocking Chairs as American Retirees Hit the Road

Continued from Page 1

campgrounds for seniors living behind

The rise of early retirement, medical advances helping the elderly live healthier longer and new rigs as comfortable as Florida condos are making the lifestyle an easier choice.

"It really is becoming a way of life for more of them," said Diane Harlan, who edits the Escapees' national magazine. "They're retiring with more vitality and need something in place of work. And this is so different.

the desert here as she practiced painting on canvas. "But our kids had grown up and we were in an empty house saying," their belongings, cashing in their nest eggs and kissing their old lives good-bye. In Land Yachts and Winnebagos, in ramshackle buses and old trailers pulled by even older pickups, they ramble across vast Western deserts in the winter



been fighting the independence struggle. A pair of Loners on Wheels hugging as morning coffee is served on a are close enough to shake and rattle the Mr. Gusmao's move to house arrest was California campsite. More and more American seniors are hitting the roads. camp.

and roam lush forests in the Pacific Northwest in the summer. Then they turn the wheels of their RVs and do it all They call it "hitch itch."

Some have been on the road so long Riviera." they can hardly fathom living any other Peggy Webb, a retired nurse, has been

driving ever since she and her husband, who is retired from the military, sold their house five years ago. "I never thought I had the nerve to do this," Mrs. Webb said one morning in

'Now what?' So we took off. "And now I don't think I ever want to

Some rattle off their favored destinations in a kind of spiritual chant: Aguanga, Yuma, Quartzsite, Mammoth Lakes. In those spots and others, there workers, war vets or tradesmen, usually are RV camps that require reservations and limit stays. There are camps that expenses: gas, food, medicine and more charge fees and post rules. And for the true believers and free spirits, the geriatric gypsies who want a taste of the West where it's still wild, there is Slab

It sits nearly on top of the San Andreas Fault. It is not a city at all, just an abandoned military base on 640 desolate the place of my married life when my acres (260 hectares) of desert in the wife passed," said Irv Himelberger, 85, southeast corner of California. It is miles a former carpenter from Washington from the nearest speck of a town, remained (population 1,042). Troops trained here for battle during World War II, but not a "I didn't want to sit around looking at from the nearest speck of a town, Niland cement slabs on which it once stood. my kids, either." Hence, the name.

The military still drops bombs at a test site a few miles away. Years ago, a couple of foolhardy Slabbers, as old folks here are called, sneaked on to that restricted range hunting for scrap metal and came back without all their limbs. Others climb atop their rigs some nights and watch tracer fire streak across the coal-black desert sky. Some explosions on her computer.

"People almost get their false teeth knocked out sometimes," said Phil Koursh, 75, who has been driving his camper here for 13 years after a career remodeling kitchens. "This is not the

There are no fees or rules at Slab City, no running water or electricity, just hun-dreds of humble trailers and campers scattered in every direction. The place empties in the summer because temperatures make it a furnace. This time of year, it is packed with about 5,000 Most are on their own and in their

few weeks or months, reunite with pilgrims they have met from their travels, then move on. Some carve out turf at Slab City by slashing old tires in half and lining them in the dirt around their rigs. It does not draw the country club set. Most roadsters here are retired factory

sixties and seventies. They stop in for a

Many are restless widows and widowers searching for full lives without their spouses. They all preach the glory of the road, yet some voices also betray

sadness and loss.

living on fixed incomes. They have few

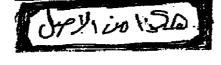
state who travels with a must he named

scrap from the base is left, only the the walls or have to start depending on

Still, the road and the camps eventually wear some of them out. Some return home after a few years or begin living with their children. Others join traditional retirement communities.

"It is tempting to go back some-times," said irma Ruth, whose teenage grandchildren keep up with her on the internet home page they made her create

"This life," added Josi Roth, "is definitely not for everyone."



## Vill Tour Asia cern on China

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will create differences, 'said Mr. ke ter, who is from Nebraska. He as that it could be "a very serious be. The Pentagon is expected in a public soon two reports to Congreatiso could cause concern in Benjapi is on prospects for developing a ke missile defense in Asia, and the sea the malitary balance between

and Taiwan.

Washington and Berjing are at odds over their rising trade in the and when China will join the to trade Organization, which make thread market liberalization as 12. dition of membership

Renewed attention to chrone a ences undermines the revived by goodwill that was the main achieve of President Bill Clinton's visited last summer, according to some as here.

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#### BRIEFLY

## Burma Regrets Boycott of Talks

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responsibility to work with the of the international community to the international community fuel the international drug me Bolgium, the Netherlankle mark and Italy have also repaired to have only the confessional to the confessional t

- A Harmese news release 🗷

weeked to beyon the confers
Washington has been appreciated of Burma's military perment. It has applied a breadust sanctions, including limit of ficial contacts, to show dispersion the regime's human-nelses and its failure to turn over post an elected government.

#### Strike Toll Rises In Bangladesh

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### Hun Sen Builds Ties With Beijing

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2000 AND BEYOND: MOBILE MULTI-MEDIA — A SYSTEM THAT WILL BRING STACE INTERNET MOVIES, GAMES AND MORE INTO YOUR VEHICLE / DRIVE-BY-MARK — A THAT WILL USE SENSORS AND THE POWER OF FLECTRICAL IMPULSES YOU

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The power to simplify.

### **CribTech**

**ALT** /Commentary

### **Bared-Bones Fashions**, **Fully Covered Publicity**

Victoria's Secret Reaps a Media Bonanza

By Lisa Napoli New York Times Service

TEW YORK — If a fashion ternet and most people who try to see it cannot, does it still make a splash? You bet.

The flaunting of the Victoria's for prime time. Secret spring collection, shown in line, is a new media case study.

The lingerie company, a unit of Intimate Brands Inc., spent \$1.5 mil- seeing its commercial. The company lion on a single 30-second television spent half of its annual revenue on the spot during the Super Bowl and \$4 million afterward to advertise the fashion show in newspapers internaworth exponentially more.

But after the show, some press reabout the sputtering audio and video received by the 2 million people who

Critics chided Victoria's Secret and

over the Internet, for not being prepared for the flood of visitors. They wrote the whole thing

off as one giant publicity stunt. No kidding! Publicity is exactly what Vic-Secret toria's wanted. And it

got the last laugh, orchestrating what might go down in the textbooks as shrewd multimedia manipulation. In addition to the millions that turned

company reported that 1 million tional spot.

example of the cross-media could hope to achieve the reach that Victoria's Secret did.

"It's no longer about advertising per se or marketing per se, but about branding and using all this multidimensional media," said Allan Mottus, publisher of The Informationist, a beauty-industry newsletter. "Fashion ain't Paris anymore, and it ain't New York, and ir's not Victoria's Secret's 800 stores. Now, every household that has an Internet connection is a fashion store."

The Super Bowl spot, the news-paper ads and the Web site were the work of Resource Marketing, an agency in Columbus, Ohio, with an estimated \$75 million a year in revenue. Its other clients include Cisco Systems Inc., Hewlett-Packard Co. Netscape Communications

frustration over this latest example of the continued shortcomings of the Web as a mass medium. Every time a Web event draws huge crowds, some show is shown live on the In- piece of technology fails, leaving a number of would-be viewers in the dark and giving the naysayers grounds to declare that the medium is not ready

Another Super Bowl advertiser. New York on Feb. 3 and simulcast on- Hotjobs.com, was unprepared to accommodate the onslaught of visitors drawn to its job-hunters' site after spot, the first time it has advertised

during the Super Bowl.

And in another recent football-retionally, yielding a bonanza of ink. lated example of convergence gone video, bits and water-cooler char awry, the ABC television network canceled promotions for a Web site offering player biographies and staports focused on the fact that some tistics and an on-line play-along game would-be viewers had been closed out during the Fiesta Bowl game on Jan. 4 of the World Wide Web site after the site reached 100,000 users (wwwvictoriassecret.com) during the just minutes into the broadcast Exlive show. There was also much ado ecutives at ABC, a unit of Walt Disney Co., later acknowledged that they had no idea the offering would prove

Even those who did manage to log Broadcast-.com, the company that de- on to the Victoria's Secret show did not see anything

near the video quality of the glistening, fullmotion advertisement shown during the Super Bowl. Dave Dadeki-

an, a digitalvideo consultant in New York. called the Victoria's Secret show a "disservice" to Webcasting. No Web organiza-tion, Mr. Dadekian said, could handle the number of people that had been lured to the show. He also

up the day of the fashion show, the criticized its production values. "You can't put dark pictures, a people logged onto its Web site in the couple of spotlights, a far-away camhours after the Super Bowl promo- era on the Web; It may look great for television, but you can't do that for streaming video, "he said, referring to HAT WOULD seem to be an live video on the Internet.

convergence that industry pundits have been breathlessly promoting as a benefit of the Web but which has

UCH FRETTING may miss the point. The Internet doesn't have an endless capacity to accomactually happened only a few times. modate every viewer, as television Few advertisers using any other com- does. But aside from the occasional bination of media and subject matter traffic jam, the Internet can give viewers what they are looking for when

they want it. Now that the initial clot of rubberneckers is gone, shoppers — and gawkers — can see the show at the site any time. Victoria's Secret was able to reach customers in countries where the company doesn't have stores or doesn't distribute the 350 million cata-

logs that it mails annually.

Another value of the Web, according to the company, is that men seem more willing to buy on-line than in its

"The goal is not to mimic television," said Mark Cuban, president of Broadcast.com. "If you wanted to buy television, you would just buy

"We weren't trying for perfection. We were just trying to help Victoria's While those in marketing looked at Secret reach their goals. This is very the Victoria's Secret ploy with awe much a perception and momentum and envy, people more interested in the line interest's infrastructure expressed the talk of the industry."

## Joysticks Help Game Players Feel 'the Force'

By Joe Hutsko

EW YORK — You're flying a World War II prop fighter. An enemy plane floats across your sights. You squeeze the trigger on your joy-stick, and it rat-a-tats vigorously in your grip. An instant later, a weighty lunge nearly rips the joystick right out of your hand. It's enemy fire, from behind. Your engine sputters. Nose takes a dive. A fast free fall with no sensation at all, then one final shudder from the stick when plane meets ground.

That scene could be played out with any number of video games, but players who take their fun seriously are no longer content with better-looking on-screen cockpits and dashboards. They want a more realistic "feel" from a new crop of add-on gaming devices with a feature known as force feedback, which makes the device react and respond in the player's hands to what is happening on-screen.

"People have taken an interest in realism, which has driven technology forward," said Mark Szabo, editor in chief of Force One, a Web site dedicated to force feedback. (www.force-l.com). "Game developers have finally started to take advantage of the hard-

While force-feedback joysticks have been around for a couple of years, the latest devices promise more realistic responses, better designs and, most important, better support for the kinds of games that take advantage of them: flying and driving games.

The force-feedback effects are created by hightorque motors that respond to instructions from game

programs.

Hit a bump in the road or fire a machine gun, and the device responds accordingly, with a weighty jolt in the steering wheel or a staccato vibration of the joystick. It is not quite like being there, but as feedback effects edge closer to imitating the real thing, enthusiastic gamers are willing to shell out cash to get their hands on

the goods. The new devices cost from \$100 to \$250. The first mass-market consumer force-feedback joystick was the Force FX, introduced in November 1996 by CH Products. It uses a technology called I-Force, created by Immersion Corp.

Immersion was inspired by the specialized forcefeedback devices used in training military personnel and in steering robotic hands that handle radioactive core reactor rods in nuclear power plants.



A game display on Force One, a Web site dedicated to the hands-on feel of force feedback.

The new generation of add-on devices has a feature called force feedback, designed to give game players a jolting good time.

maker of the popular Flight Simulator game: It wanted a force-feedback technology to call its own and found it at a design company called Exos, absorbing its people and technology into its ever-growing hardware

HE DEVICES vary in price, aesthetic design, special features and the way they connect to the

Microsoft's Sidewinder Force Feedback Pro has an angular, split-level design that is lighter and takes less space than Logitech's smooth and curvy Wingman Force. The Sidewinder, which in its second generation has lost the noisy cooling fan that game players had complained about, connects to a computer's gamecontroller port. The Wingman connects to either a serial or Universal Serial Bus port. USB ports offer the potential for more responsive feedback because they operate at higher speeds than serial or game controller

But the most significant difference is what is inside Several manufacturers have licensed I-Force technology for their products. But not Microsoft Corp., the devices. The Microsoft products use gears to acnology for their products. But not Microsoft Corp.,

gether, the Logitech Wingman Force uses a series of cables to tug its stick to and fro.

Players on several Internet newsgroups and Web sites dedicated to computer games report that feedback effects produced with the cable-based stick feel more lifelike and less harsh.

Competitive advantages and arguments aside, is force feedback a geeky gimmick, or does it give game players more than just throbbing, sweary palms? There are many games out there where force feedback improves player performance by providing physical cues as to what's happening in the virtual world," Mr. Szabo said. He cited, for instance, "the feeling when the tires are breaking loose" in a racing game. "This indicates how close to the edge of the envelope they're pushing the virtual race car.

HE LATEST application of force feedback is finding its way to the computer mouse, Dubbed Feelit technology by Immersion, the device will respond in a tactile manner to on-screen clicks and

drags.
This is interesting to the players of first-person three-dimensional shooting games such as Quake and Half-Life, whose preferred method of play often is a combination of keyboard and mouse. A force-feedback mouse could be used to convey the rumble of firing a cannon or the agony of being hit by enemy fine or falling from a high terrace to a hard dungeon floor.

In the console video-game world, Nintendo made news in 1997 when it introduced the Rumble Pack, a

small cartridge that snaps into the Nintendo 64 controller. The cartridge, which operates on two AA batteries, houses a small motor that responds to onscreen action cues.

Sony has since come out with a controller for the

Playstation that does not use batteries. Both represent force feedback at its most limited. But Shigeru Miyamoto, the Nintendo game designer who invented Super Mario, hopes his latest best-selling game changes that impression.

For the first time, a video-game accessory will work on a proactive basis, shaking to clue players into action, as well as on a reactive basis, shaking in response to something that has already happened," Mr. Miyamoto said.

It's the golden fleece of feedback: the sensation that helps you win. But, of course, there is a catch. 'In order for the Rumble Pak to work at all," Mr.

### Nordic 'Anti-Amazon' Thrives by Keeping It Simple: Ficher, the former managing director of

By Bruno Giussani New York Times Service

successful Web retailers, it is common to argue that tailored offerings, specialized information and all that they care about." community-building features and tools are what make the difference between Its home page is graphically poor success and failure.

Consider Amazon.com, the bestknown — despite being neither the package in a compelling manner a vast a credit card or receiving an invoice. amount of "content," including reviews and personalized

purchasing suggestions, around the products it sells: books and music. Now from

Sweden comes an "anti-Amazon," a company small called Boxman that contradicts most of the current assump-

tions about Web retail. Boxman's credo: 'Move away from content if you want to Ola Ahlvarsson, the company's vice president of international development,

adopts almost evangelical tones when he talks about retailing on-line. "Those who claim that the value of their company resides in the ability to

mass-tailor advice and information are wasting time," he said. "The value of the company is in selling more music to more people, faster and cheaper." Started in Sweden in December 1997.

Boxman began by offering -- along with its tens of thousands of music titles reviews by professional journalists, a music magazine, contests, a "demo box" where musicians could show off their talents free and other content. It has

customers what they want, they don't TEW YORK — When looking at successful Web retailers, it is said. "They want more music samples, ease of use, speed and low prices. That's

And Boxman is giving them just that. although it uses frames, a technology not everybody agrees on — but it is fast and intuitive, and the purchasing mechanism cheapest nor the fastest — of the on-line is simple. To make it even easier, cusbooksellers. Amazon has been able to tomers are given the choice of paying with

One possible reason customers go The value of the company

is in selling more music to

more people, faster and

cheaper.'

content or communet connections in European countries. Boxman has been very effective in adapt-

ing to these get-off-line-quick users. The company, whose goal is "to be-come the leading provider of home en-tertainment" (which hints at likely developments in videos, books, computer games and toys), is partly owned by its management. Among the other shareholders are heavyweights such as Bonnier, one of the largest European publishing concerns.

The company's chairman is Jan Carlzon, a respected Swedish businessman who is known for having engineered

in the 1980s a radical turnaround of the ailing Scandinavian Airline System. In the second half of last year, Boxman launched operations in three other countries - Norway, Finland and Denmark — and now it employs 50 people.

The company does not disclose detailed revenue figures, but it says it owns 5 percent of the overall compact-disk market in the Scandinavian countries and is already turning a profit from its Swedish operation. It is now preparing to move into France, Germany, Britain and the Netherlands and is starting to plan for

**ACROSS** 

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now dropped most of it. "When we ask an initial public offering this year.

The expansion strategy is based on localizing the brand and the operations, having local staff members answering want to respect the structure of copyright queries in local languages — but with a and distribution and build good relations with the masic industry," he said. For

"In every country we move in, we this reason, Boxman does not sell cross-purchase the products locally, from the border to customers and is careful to national distributor" said Bertrand Le avoid parallel importing channels.

#### BRIFIT

SURFING AS A COED SPORT: This year for the first time, the number of women using on-line services is likely to match the number of men on-line, son customers go according to a survey by International Data Group, a market research firm. Just four straight to the years ago, "it was pretty much a male Internet," Frank Gens, a senior vice president products, ignoring at the firm, said. But by late 1998, about 48 percent of the people on-line were women, he said. "As the Internet moves from being a curiosity to a tool that you can nity features, is the use to save time, it becomes more appealing, particularly to women who are high cost of Inter- stretched for time as they balance work and home," Mr. Gens said. (WP)

#### TECHNOLOGY Technology stock indexes around the world: Pct. change, year to date Pacific Exchange Tech 465.93 +3.72 S&P Tech Composite 1,227.32 +5.06 Morgan Stanley Eurotec 651.95 +6.79 Topix Electric 1,563.75 1.38 Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see TribTech on the IHT's

World Wide Web site at http://www.iht.com. Articles include: Russia Urges U.S. to Help Fix Computers Technology Stocks Lead the Market Lower.

for 2000, Feb. 4

Consumers Win a Game, Feb. 4
 On-Line Oasls in Hait's Cyber Desert, Feb. 4
 Microsoft Steps Up in Video Demonstration at
 Seeing Abandons Supersonic Jettliner, Feb. 8

Europe Posts 23% Growth in PC Sales for

 Virtual Stores, Real Clout, Feb. 9 Internet Investing: How to Add Salety, Feb. 4
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### Amazon.com Takes Full-Disclosure Pledge

By Doreen Carvajal

TEW YORK --- Faced with e-mail rebukes from its customers, the on-line retailer Amazon.com Inc. has revised its new advertising policy, pledging to disclose every time that book publishers pay to feature titles on its electronic bookstore.

The Seattle-based company said it was still figuring out the mechanics of this new policy but said it would take effect March 1. In the meantime, Amazon has expanded its book-return policy to demonstrate its faith in its recommendations, vowing to accept titles from dissat-isfied customers no matter how dog-eared or worm they are, said Jeff Bezos, the company's chief executive and founder.

The New York Times reported Monday that Amazon had fashioned an "e-merchandising" program for book publishers that sought advertising dollars for featured treatment of titles in categories that range from "What We're Reading" to "Destined for Greatness."

Amazon did not disclose the advertising fees, which

ranged from \$250 to \$12,500, to its customers. The bookseller contended that its sites were not for sale because editors screened and vetted books worthy of

The change in policy signaled a recognition that Amazon — with its reviews, recommendations and friendly interaction with customers - is a hybrid, both bookseller and electronic adviser, somehow different from bookstore chains or supermarkets that commonly sell shelf space for products. We're always listening to our customers, and it was

clear that our customers had a higher expectation for us than the physical bookselling world," said Bill Curry, a

company spokesman.

23 Garfield's owner 52 '---- fideles . . . 24 Criticize singer 56 Nacre sources Solution to Puzzle of Feb. 10

**CROSSWORD** 59 Transfer hay? 61 Prefix with knock ortock 63 Ccoer

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On-Line Trading Hits Snags, Feb. 8

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LATEST application of force feedback the life way to the computer mouse Deby life is way to the computer mouse Deby life is the book of the device of the interest on screen clicks of

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moto sud. the golden fleece of feedback: the sensamme you win. But, of course, there is a catch. a order for the Rumble Pak to work at all "F moto said, "players will need to search for in many that will enable it."

## eping It Simple

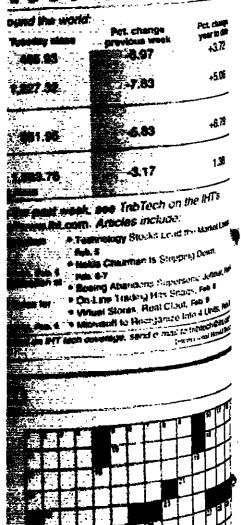
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AOL Prance, now in charge of setting the French operations of Boxman 1 rwaring want to respect the structure of commit with a and distribution and build good this with the music industry." he sail is this relation, Boxman does not sellar border to customers and is custi and Le avoid parallel importing channels

#### RIBELY

Tr This year for the first time, the nut ly to match the number of men as a Group, a market research firm hale Frank Gens, a senior vice propercent of the people on lines en being a curressity to a tool that yes eg, particularly to women with Mr. Gens said (WP)

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INFORMATION THE MONEY REPO Saturday in the HIL



### **New Plans** To Monitor **Iraq Offered**

By Judith Miller New York Times Service

UNITED NATIONS, New York - The International Atomic Energy Agency has submitted plans for long-term monitoring of Iraq that call for "intrusive" inspections and assume that Baghdad might try again to produce nuclear weapons. In a report to the Security Council

on Monday, the agency director, Mohammed Baradei, said the monitoring would cost at least \$10 milfion a year. The report concludes once again flat Iraq is denying the agency documents and material it has requested, including, for in-stance, documentary evidence that fraq has abandoned its nuclear pons program. And the agency said it could not verify that Iraq had not hidden banned nuclear equipment or materials.

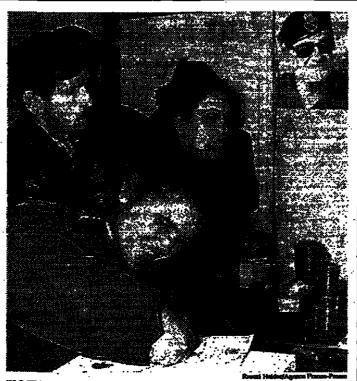
The agency has therefore concluded that any long-term monitoring must be "comprehensive, rigorons, and, as a result, intrusive. Specifically, the agency says it

would use such measures as announced inspections of previously uninspected locations." It would examine "records, equip-ment, materials and products," as well as conduct interviews, enviformental monitoring and radiation surveys, and test samples of water, vegetation, air and soil.
Most problematic from Iraq's

standpoint, the agency said it would fieed to conduct "unannounced inspections at new sites" to detect signs of banned activities. Such inspections infuriated Iraq when they were conducted by the United Nations Special Commission charged with disarming Iraq of unconventional weapons. While the Special Commission inspects for biological and chemical weapons, the International Atomic Energy Agency monitors nuclear activities.

#### Air Strikes in Iraq

Ifaqi air defense sites in the south Wednesday in response to "pro-vocations," according to U.S. military authorities, Agence France-Presse reported from Washington. I No aircraft were damaged in the attack, near Tabl, 270 kilometers (170 miles) southeast of Baghdad, and An Najaf, 160 kilometers south of the capital, the authorities said.



VOTE FROM THE HEART — A captain in the Syrian armed forces, identified only as Baddour, giving her blood thumbprint on Wednesday in a referendum to affirm President Hafez Assad, the only candidate, to a fifth 7-year term.

The UN General Assembly tralia, Bahamas, Cameroon, Ro-

Fourth Geneva Convention on pro- the 1949 convention, which deals

Israeli-occupied territories, partic- time of war, was asked to make

ularly the convention's ban on set- preparations for the conference.

Israel opposed, the assembly adopt-ed a resolution by 115 votes to 2, meeting—never previously held—

with 5 abstentions, recommending there were a number of questions

that the 188 signatories of the con- that only the parties to the con-

### Addis Ababa Rules Out **Border War Cease-Fire**

ADDIS ABABA, Ethiopia — been fighting at Geza Gerlase and Ethiopia said Thursday that there around Kunin and Kunito along the Eritrea withdrew or was pushed out

of the contested tearitory it occupies.
"Ethiopia," Foreign Minister
Seyoum Mestin said, "has no option but to fight the aggressor army, to root it out of our own territory, achieve this objective."

war last May, which lasted six weeks. several thousand dead.

stopped its attacks.

A Western diplomat in the Eritrean capital of Asmara said: "I can confirm that there was no heavy fighting. We do not know of fighting

summoned in April 1997 and re-

convened four times since. The

latest session, which began Friday, was requested by the 22-member

Arab group, supported by the 114-

adopted by overwhelming major-

ities at previous sessions con-

demning Israel's failure to halt set-

tlement activity. It referred partic-

ularly to a housing project at a site

The resolution reiterated those

member Nonaligned Movement.

other fronts."

**UN Calls for Talks on Civilians in Israeli-Occupied Areas** 

would be no cease-fire with Britrea in 1,000-kilometer (600-mile) border, the two countries' border war unless an Ethiopian government spokesman said. President Bill Clinton and the

The two countries' armies have

United Nations Security Council both called Tuesday for an immediate end to the fighting between the two Hom of Africa nations. Mr. Clinton and Ethiopia has full confidence that said he was "particularly alarmed" it has the capacity and capability to by the Ethiopian use of air power, achieve this objective." by the Ethiopian use of air power, which violates a U.S.-brokered mor-Entres occupied the contested atorium the two sides signed last June Badme region in the first round of the after a month of fighting that left

Hostilities reignited Saturday.

Britrea said that fighting subsided
Wednesday but that there could be
no cease-fire unless Ethiopia killing a family of five and wounding five other people.

Eritrea maintains it is still ob-

Homa in Hebrew and Jabal Abu Ghneim in Arabic, that Israel cap-

The U.S. delegate, Peter Bur-

leigh, said the resolution would

'only serve to damage the climate'

for Middle East negotiations. He

called it an "unacceptable assault

on the basic uses and meaning" of

In Jerusalem, Israel on Wednesday

rejected the UN move as "based on

political motives and not on human-

the Fourth Geneva Convention.

■ Israel Sees Political Motive

serving the moratorium on air strikes, although Ethiopia charged that the Eritrean aircraft had attacked the northern Ethiopian town either on the main front or on the of Adigrat. (Reuters, AFP)

land as the depository power.

The assembly acted at an emergency special session first tured in the 1967 Middle East war.

#### Taleban Isolate Saudi Dissident

ISLAMABAD -- The Taleban on Wednesday bowed to U.S. and British pressure and isolated the Sandi dissident Osama bin Laden, banning him from receiving visitors or having outside contacts, the Afghan Islamic Press reported.

"Osama bin Laden has been disallowed to meet any visitors or other people," the Pakistan-based private information service said, quoting a decree issued by the office of the Taleban's supreme leader, Mullah Mohammed Omar.

Mr. bin Laden has been accused by the United States of masterminding the bombings in August of U.S. embassies in Kenya and Tanzania.

#### Legal Ivory Trade to Resume

GENEVA — African ivory can be sold legally in international trade under an experimental program approved Wednesday, the United Nations said. The project, opposed by some animal rights groups,

will allow for ivory to be exported from Botswana Namibia and Zimbabwe to Japan.

The ban on all trade in ivory was introduced nine years ago to protect the species, which had been run down by widespread poaching, but elephants have flourished in some countries, and game-protection officials have argued that they now have more elephants than their land

#### Battle Reported in Algeria

ALGIERS — Helicopter gunships were pounding Is-lamic rebels holed up in a forest near Algiers on Wednesday, and hundreds of soldiers have been deployed to storm their hideout, the newspaper El Watan said. Meanwhile, Islamic guerrillas killed five members of a

government force and wounded two others in an ambush in Tebessa Province, about 480 kilometers (about 300 miles) east of Algiers, on Tuesday, the daily Al Khabar said.

El Watan said the helicopters were bombarding rebels in Sidi Ali Bounab forest in Tizi-Ouzou Province, 60 kilometers east of Algiers. It said the number of the trapped guerrillas was significant, without giving a fig-

The military operation started Tuesday after a "repentant" rebel tipped off security officials about the hideout, the newspaper added. The operation was continuing, it said.

#### Alaskan Species Recovering

ANCHORAGE - Pink and sockeye salmon, sea otters, certain seabirds and other species are recovering from the damage inflicted by the Exxon Valdez oil spill a decade ago, according to a report.

About half of the species harmed by the 1989 disaster

are on their way to recovery, said the report, issued Tuesday by the Exxon Valdez Oil Spill Trustee Council. The council, comprising three federal and three state trustees, manages the \$900 million that Exxon has promised to pay over a decade to settle state and federal civil

The Exxon Valdez tanker spilled millions of gallons of oil into Alaska's Prince William Sound after it ran

### vention attend such a conference at vention could settle, not Switzer- south of Jerusalem, called Har itarian ones," Reuters reported. With Eye on UN Post, Holbrooke Settles Ethics Questions

By John Mintz

ington Post Service

UNITED NATIONS, New York

called Tuesday for a conference to

be held July 15 to ensure that the

tecting civilians is respected in the

With only the United States and

U.S. and British aircraft struck United Nations.

Moments after the settlement was announced Tuesday, President Bill Clinton said he would soon submit -WASHINGTON - Richard Hol- the nomination for Senate confirbrooke, a veteran diplomat who en- mation. In a statement, the president gineered the Bosnia peace accord, has reached an agreement with the said that at a time when international crises from Iraq to Kosovo demand Justice Department under which he the leadership of the United States, will pay \$5,000 to settle ethics al- "it is essential that we have a strong legations that have delayed his nom- and capable diplomat" like Mr. North Carolina and the committee tions considered at the Justice De-

ination to be U.S. ambassador to the Holbrooke as UN ambassador.

Abstentions were cast by Aus-

Switzerland, as the depository of

But its UN observer said that giv-

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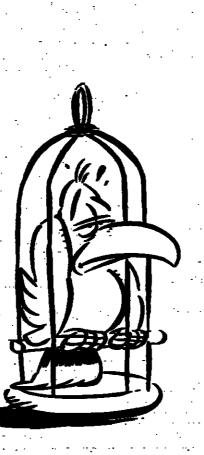
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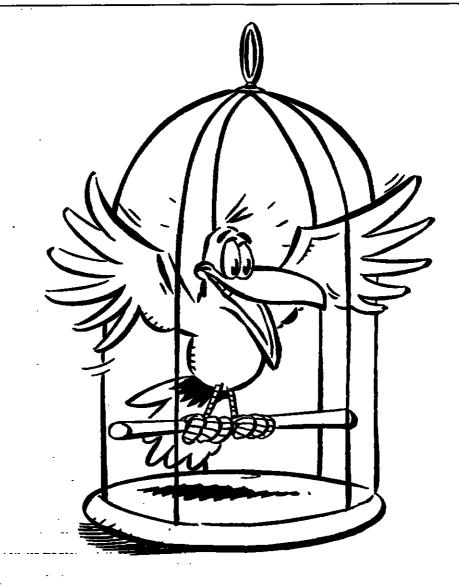
ination," he said. But a Senate staff member said the spokesman for Mr. Helms.

Foreign Relations Committee was the leadership of the United States, accepting the Justice Department's senough to make the confirmation deal. Jesse Helms, a Republican from hearings contentious. The allegaolbrooke as UN ambassador. chairman, wants the committee staff partment centered on Mr. Hol"I look forward to the Senate's to retrace the inquiry to determine brooke's activities in 1996.

timely consideration of his nom- what the issue was and how it was resolved, saidMarc Thiessen, a

Congressional sources said that preparing to re-examine all evidence while Mr. Holbrooke is widely adin the conflict-of-interest allegations mired as an effective diplomat, he against Mr. Holbrooke, rather than has ruffled some Senate feeling-





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#### EDITORIALS/OPINION

## Herald Cribune

## **Hong Kong Crunch**

In the 19 months since Hong Kong with China's arbitrary one-party dic-reverted to China, the worst fears have tatorship could not have been sharper. not come true. Beijing has for the most part kept its hands off the former British colony, as promised, allowing it to manage its own affairs. Now the two entities may be approaching a crisis that determines whether Hong Kong can maintain substantive independence. It is "make-or-break time," the chairman of Hong Kong's bar association, Ronny

Tong, said on Tuesday. A decision by Hong Kong's highest court triggered the confrontation. The decision ostensibly concerned the rights of children born in China to at least one Hong Kong parent to settle in Hong Kong. The court said they could, even if born out of wedlock. But the significance of the decision lay elsewhere, in its legal reasoning. For the first time, the court claimed for itself the authority to interpret Hong Kong law for Hong Kong.

On most matters, in other words, the final word should not rest with Beijing. And more than that: Hong Kong laws should be interpreted above all with a deference to Hong Kong autonomy and an understanding that rights and freedoms are "the essence of Hong Kong's civil society." The contrast

tatorship could not have been sharper. The decision has not sat well in

Beijing. Four "legal experts" were the first to express dismay. Then Zhao Oizheng, a senior cabinet official, called the decision a mistake. On Tuesday a Foreign Ministry spokeswoman chimed in, saying the government was "closely following" the ruling.
The idea of "one country, two sys-

tems" was an experiment from the start. Trying to maintain an island of free enterprise and relative democracy within a Communist state was never going to be easy. But its success is crucial, not only to residents of Hong Kong but to China's credibility in the world and to those nations, such as the United States, which pledged to stand up for Hong Kong's treedom.

Now Beijing officials are threaten-ing that success. Not only Hong Kong's liberty but its prosperity is at stake, since local and foreign companies alike will be reductant to invest in Hong Kong if its rule of law can be compromised and superseded by party apparatchiks in Beijing. The Clinton administration should make clear that it, too, is "closely following" developments.

— THE WASHINGTON POST.

### **Onward to Censure**

The possibility that a simple upor-down vote on an appropriately tough censure resolution will not take. place haunts the impeachment proceedings. Some Republican senators who oppose censure are threatening to filibuster any censure resolution, and it is not clear whether enough Republicans will support such a resolution to ensure that a clean vote happens. Particularly after the House Republican leadership, on the thinnest of constitutional pretexts, denied House members the opportunity to consider censure as an alternative to impeachment, this seems unfortunate. A failure to vote on censure would mean that the Senate's only official comment on Bill Clinton's behavior would be that it does not warrant his removal - which, while true enough, would hardly be a complete expression of the majority sentiment. After a year of consensus that Mr. Clinton's conduct is deplorable, he would walk.

To be sure, any senator who truly believes that a censure resolution that does no more than express the opinion of the Senate is unconstitutional could not, in good conscience, support censure. Although this view is wholly unsupported either by the constitution or by its history, senators should not be in the business of supporting bills that they think offend constitutional norms.

But no senator who seriously con-

templated supporting "findings of fact" in the context of the impeachment trial can turn around and argue now that there is a serious constitutional impediment to a censure resolution. Rather, if the vote is blocked, it will represent primarily an effort not at protecting the constitution but at making as stark as possible the decision to acquit the president. This might make sense as a matter of politics, but after more than a year of this scandal it seems as if a more nuanced outcome is a small favor to request.

It is certainly true that censure would, as some Republicans have complained, serve as a fig leaf for Democrats who want to acquit the president without admitting that they are giving him a pass. But that is not all it would be. To the contrary, there is value in the Senate going on record as saying that presidents are not permitted to behave as Mr. Clinton has. If only in the expressions of outrage that will make up the historical record that follows revelation of such behavior, there will be accountability for it.

This is admittedly a diffuse kind of penalty, one that might have little bite in the short term for a president who seems to be begging for such censure. In the long term, however, it is certainly an apt reaction, one that is at least worth a clean vote.

-THE WASHINGTON POST.

#### Microsoft and Fairness

For all its economic and technological prowess, Microsoft is tone-deaf when it comes to public relations. Last week, in the latest of a string of fiascoes, it was embarrassed at its antitrust trial by a video demonstration that turned out to have been clumsily doctored. But the question before Judge Thomas Penfield Jackson in federal court is not images. It is whether the Justice Department is correct in arguing that Microsoft has illegally used its monopoly power to punish rivals and partners and expand its software business in other areas. So far the trial has demonstrated that the company faces a tough time challenging the government's case.

The original focus of the trial was on whether the company illegally combined its own Internet Explorer browser with its basic Windows software in order to muscle aside the rival browser made by Netscape. It has expanded into a larger government argument that Microsoft engaged in predatory conduct with rivals. It argues that it is not a monopoly, because of the fiercely competitive and fast-changing environment in computers. On Tuesday, it repeated its line that special deals with Intuit and other companies are no different from various exclusive licensing arrangements throughout the industry.

As for tying its operating software to a browser, Microsoft argues that doing so is defensible as long as consumers few weeks, several of Microsoft's witnesses have tried to show that con-sumers do indeed benefit from fully integrated computer and software

products. The Justice Department has repeatedly argued, on the other hand, that the chief advantage gained from product integration is to Microsoft itself, and that the company tried to transform its operating system choke hold into a club, forcing competitors and consumers to choose products that they might not otherwise want.

Microsoft has a few more weeks to buttress its case. But what is interesting about the trial is the extent to which the economic and technological landscape outside the courtroom has changed even since proceedings began last year.

Microsoft's argument that it is not a monopoly at present seems questionable. Most experts find that a 95 percent market share in personal computer operating systems is a monopoly. On the other hand, many of these same experts speculate that in a matter of years there may be other products offering access to the Internet for consumers. It may soon be possible to pick up a telephone, turn on a television or flip on a hand-held device to get on the Internet, without using Windows at all.

But that is not the real world yet. Right now, the Justice Department is right to demand that Microsoft not use its current monopoly to restrict con-

The federal government, applying antitrust principles more than a century old, has a constructive role to play in ensuring that certain basic ground rules of fair competition are observed. In a rapidly changing environment, the entire industry benefits from unfettered competition and basic fairness.

-THE NEW YORK TIMES.

### Herald Tribune

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## Schroeder's Germany Has Decided to Be German

MUNICH — When Gerhard Schroeder came to power in October, the chancellor's opening days seemed to herald a major shift in European politics. Diplomats and ionmalists frantically tracked signs that he was abandoning Helmut Kohl's fast alliance with France in favor of a London-Bonn joint venture.
"They have it wrong in asking if

Schroeder favors Britain over France, or France over Britain," Foreign Minister Hubert Védrine reportedly told a colleague after observing the new German chancellor at work. "Schroeder favors Germany. That is what we all have to understand.

Mr. Védrine's shrewd analysis captures Mr. Schroeder's ability to hide things in plain sight. He has fashioned the beginnings of a more activist German foreign policy openly centered on national interest. While cooperating with his U.S. or European partners, he is constantly looking over his shoulder at German unemployment and other domestic concerns that brought him to power, a preoccupation that he betrayed while speaking to an audience of allied defense officials and experts here.

He had just confirmed that Germany will send 2,000 troops to help enforce a cease-fire in Kosovo if peace breaks out in that embattled Serbian-ruled By Jim Hoagland

province. Then he paused to muse aloud on the irony of a coalition government of Social Democrats and Greens taking the taboo-breaking decision to dispatch German combat soldiers back to the Balkans for the first time since World War II:

"If I had said this a year ago, I would have been killed politically. ... But things change. We must say that Germany is now a fully fledged partner" in promoting European security. That includes taking on missions within NATO that the Social Democrats, the Greens and the rest of the German left have traditionally opposed.

Deftily handling a 90-minute barrage of often skeptical questions about his coalition's ability to adapt its once Marxist ideological stands to NATO policies, Mr. Schroeder demonstrated his considerable skills as a communic-ator and synthesizer of conflicting viewpoints. He is a quintessentially modern politician of the post-Cold War era. "Europe is willing to assume more

responsibility in foreign and security policy, and that is in American interests," he told the Munich Conference on Security on Feb. 6, responding to anxiety in Washington about any-

· But he also warned the Europeans that if they once again failed to be effective in taking on more of the defense burden, "then Europe will have no right to complain about others tak-

ing unilateral decisions."

going dramatic change.

the global economy.

This is the kind of argument of necessity that Mr. Schroeder has used to begin to transform the political culture of the German left. Like Bill Clinton in the United States and Tony Blair in Britain, he won election here by outflanking his party's outdated beliefs and campaign styles while his opponents kept a more traditional view of constituencies that are in fact under-

Such tactics make for effective campaign politics. National electorates have been rewarding center-leftists like Mr. Schroeder and Mr. Blair who emphasize their commitments to more effective management and marketcentered reform of the welfare state. Conservatives like French President Jacques Chirac or, for that matter, Governor George W. Bush of Texas, do best in the polls when accenting their compassion for those left behind by

But this homogenization of issues does not make for clear leadership. It

thing that would weaken U.S. control over NATO. leaves foreign policy captive to constantly shifting domestic fortunes. Pressed to repudiate a recent call by 4-6-5-<u>5-6-7</u>

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his Green foreign minister, Joschka Fischer, for NATO to rule out first use of nuclear weapons, Mr. Schroeder made two things clear. One was that Germany will take "no" for an answer in the no-first-use debate. There will be no serious German challenge to current allied nuclear strategy at the NATO summit in Washington in April.

But the chancellor also emphasized that Mr. Fischer was free to continue raising the issue. If Germans were getting over taboo subjects, he suggested, others would have to do the same.

Behind the no-first-use controversy lies the much more hotly debated domestic issue of the role of nuclear power in the German economy. The Greens demand that the country's 19 nuclear reactors be shut down immediately, a goal that Mr. Schroeder endorses but refuses to set any timetable to achieve.

After six years of navigating in foreign policy waters largely by the light of its domestic political needs, the Clinton administration must now deal with the first post-World War II German government which does the same. May the Clintonites enjoy the experience. The Washington Post.

### Kosovo: The Rambouillet Plan May Prove Too Sensible

PARIS — The plan for Kosovo put before Serbian and Kosovar delegates to the Rambonillet conference is the best plan that rational man could design. Reason is not enough, though, to determine what comes out of this peace conference, convoked at the palatial summer residence of French presidents. Emotion and power will warp what results.

The plan, according to French sources, arbitrates the contradictory and passionate claims made by Serbs to Kosovo, this "sacred" province of Serbia, where the vast majority of the former Serbian population no longer choose to live; and claims made by the actual majority, composed of ethnic Albanians who want Kosovo to become part of a 'Greater'' Albanian nation, which has yet to exist.

It proposes the following for Serbs and Kosovo Albanians during the next three years:

• Kosovo will remain a part of Serbia, which will control its economy, money, defenses and

• Serbia will reduce its police presence in Kosovo to 2,575 men in defined tasks, including border control; and the province's Albanian and wise, the province will be policed by communal police.

 The Kosovo Albanians will disarm and dismantle their guerrilla army.

 Kosovo's population will rule itself in an autonomous fashion, through a 100-member Parliament representing all

NEW YORK — It now seems likely that the first

woman to become a really se-

rious candidate for president

of the United States will be

Many people might have preferred somebody different

- a woman less dependent on a famous husband for her

starchy, or less implacable in

her opposition to abortion.

But Mrs. Dole, who is now

showing up at the top of some

Republican polls in New

Hampshire, looks like the des-

In a way, that seems logical.

Democrats are always worry-

ing about whether a woman presidential candidate could

appear tough enough to veto

bills and bomb other countries.

But the Republican Party's

conservative wing already has

an agenda with a surplus of

toughness. A female candidate

from the right might be able to

massage the anti-tax, anti-

government, socially conser-

vative agenda into something that sounds palatable to the

Mrs. Dole, a former head of

not said a word in public for

years about anything more controversial than blood

donations. She made a polit-

ical coming-out speech in New Hampshire this week,

Clinton presidency, she did

not take any stands beyond the

breathtakingly obvious. ("As

a conservative, I hate waste.")

But she did a good job of out-

moderate majority,

ignated trailblazer.

recognition, less

Elizabeth Dole.

By William Pfaff

prime minister. Kosovo will have its own judiciary. Something like 30,000

NATO troops will be present to see that all this happens.

• The whole arrangement will be reviewed in three years. The plan amounts to making Kosovo a voluntary international protectorate. Its acceptance relies on NATO having placed a gun at the Serbs' heads. It will work only if neither side makes a sudden move.

The method, as well as the result, may prove unpalatable to Serbia, whose leader, Slobodan Milosevic (who started all of this), might prefer that if Kosovo is to be taken from Serbia, it be done violently. He would then have an excuse to offer fellow Serbs, whom he has, during the last decade, repeatedly sent into war, defeat and national dismemberment.

He could say Kosovo was

stolen from Serbia by NATO. There are several violent alternatives to the peaceful solution proposed at Rambouillet. One would be for NATO to impose protectorate status on Kosovo. NATO air forces its army to 1,500 men, confined might interdict Serbian operto a five-kilometer zone along ations inside the province. As no Western power has the least Macedonian borders. Other- interest in committing troops to a war for (or against) the Kosovars, their "Liberation Army"

NATO would have become the KLA's air force."

This would threaten the principal international interest: to contain the consequences of ethnic Albanian irredentism in

Give a Welcome to Elizabeth Dole

By Gail Collins

close the gender gap while

still promoting a core party

problem with women voters since the mid-'80s, and it gets

worse whenever the party nominates men who look as if

they are going to yell. The gap opened wide when Newt Gin-

grich became the Republican

standard-bearer, and it hit some sort of critical mass when

Mrs. Dole's husband became

Bob Dole has many good qualities, but his public per-

sona is close to that of an old

guy who won't let the kids into his yard to retrieve their ball.

Elizabeth Dole, who says "my

gracious" a lot and reminds her

andiences that "we are all God's children," is going to be the kindly auntie who settles squabbles and hands out

She made several refer-

ences to the narcotics prob-

lem, seeming to suggest that

its roots lay in Hollywood's

glamorization of drug use. It is

Occasionally her points

seemed less like actual

thoughts than an attempt to

see how many right-wing

buzzwords could be strung in-

government wrested that from

us, paying for its power with confiscatory taxation?"

ested in a women's agenda,

Like any candidate inter-

glasses of lemonade.

the American Red Cross, has a theory much beloved by

drawing media from as far to a single paragraph. "Do we

away as Japan. Except for a assume responsibility for our

She is going to sell herself as the Republican who can

few well-aimed shots at the culture and our choices, or has

the presidential candidate.

The Republicans have had a

president, who will name a solution's advantages and disadvantages have already been discussed in this space. It is unlikely, but not impossible.

A second possibility, which

I described last year as the "Bal-kan solution," would sponsor exchange of Kosovo's independence for reunion of Serbia with the Republika Srpska (now part of the Bosnian republic). This could have fatal consequences for the international effort in Bosnia to establish a liberal political system there. It would be a policy of cynicism, but possibly of realism.

A third conceivable alternative may be called the "distant country of which we know little" solution. The Western

would abandon Kosovars and Serbs to their war, doing what they can, which might not be much, to keep Kosovo's Balkan neighbors out of it.

The unacceptability to liberal opinion of the last two possibilities is why Kosovars and Serbs are at Rambouillet today. Optimism about the outcome must rest on a belief that people can be forced to be reasonable. It could prove to be true.

The Rambouillet plan is a solution by international diktat. 'We want peace on our continent!" said France's Jacques Chirac as he admonished Serbian and Kosovar delegates at Rambouillet on Saturday. He said the Contact Group "possesses the authority necessary to see that right, justice and powers and the Contact Group peace triumph.

United States are ready to give economic support and provide a military presence, if the Ram bouillet plan is accepted. If it is not, and the gun at the head is ignored by Serbia, NATO will bomb Serbian forces and targets. We will then be confronted with the problem, familiar by now from bombings in warmer climes, of "What now?" Secretary of State Madeleine

The Europeans and the

Albright said on Sunday that if there is continued or renewed fighting in Kosovo, "We are not going to be there," meaning that if Rambouillet fails, U.S. ground troops will not be available for Kosovo. What then will be the answer

to the question "What now?" International Herold Tribune. Los Angeles Times Syndicate.

### Iraq: Saddam Lords It Over Oil Prices

ROSWELL, New Mexico— Under the United Nations "oil for food" program, the world permits Iraq to sell oil if it uses the proceeds to buy food and medicine. It is a noble goal,

but the policy is fatally flawed. Not only is the aid not getting to the Iraqi people - most supplies lie in warehouses, undistributed — but Saddam Hussein has been granted effective control over world oil prices.

Current proposals by the would be left to seize Kosovo's Clinton administration to lift independence on its own, the cap on Iraqi oil sales, and by the French to throw sanctions entirely to the wind, would only make a bad situation intolerably worse. Neither proposal would help the Iraqi people.

Both would bolster Sad-

• The Parliament will elect a the rest of the Balkans. The dam's already formidable abil-

rooms with smaller classes.

she said, tossing in better-

school days and extended

school years. But the issue,

she said, "is not more or less

federal spending — it's not

public schools or private,

vouchers or commitment to

By now we were practically

falling off our seats waiting to

hear what it is. "The ultimate

test of our resolve is not how

much money Washington gives to school districts, but

how much control Washing-ton gives back to parents and

teachers." On the list of things

about local public schools that

have parents worried, federal

control ranks about 33d. Still, the mere fact that she

seems to wish the public

schools well is a refreshing

change from some of her fel-

low Republicans. Her New

Hampshire address was no

barn-raiser, but that does not

mean she is going to be a poor candidate. People who under-

estimate her make the mistake

of failing to consider how bad

written, word for word, a habit

her critics point to as proof

that she is too inflexible. An

Elizabeth Dole public appear-

ance does indeed have a sense

of being rehearsed as carefully

as a royal wedding. But any-body who followed Bob Dole

or George Bush through their

New Hampshire primaries,

trying to make sense of their

off-the-cuff remarks, knows

that spontaneity can be a very

be predictable, but at least they

Every sentence of hers may

contain subjects and verbs. The New York Times.

overrated commodity.

She delivers her speeches as

her male opposition can be.

public education."

teachers, longer

By George Yates

mits Iraq to sell not a specific number of barrels but rather any amount worth up to \$10.6 billion annually. But, having permitted Iraq's production infrastructure to deteriorate (a sacrifice to its overweening military objectives), Saddam is now unable to muster oil worth more than \$5.4 billion every year. And he is unable to touch

Many oil-exporting nations have tried to cut production to bring prices back up. Mean-while, under the UN policy, Iraq is allowed to use \$600 mil-

lion of its annual oil revenue to repair and expand its fields. Saddam's regime has increased daily oil exports front around 700,000 barrels 14 months ago to 2.3 million barrels at the end of 1998. As consumer demand for oil increases Iraq could cut its production and raise prices skyward.

Saddam wanted higher oil prices when he invaded Kuwait; to raise money that he needed to build his military forces: Now he cannot use oil to buy arms. But by keeping oil prices low, he is reducing the incomes of Saudi Arabia, Kuwait, Iran and others.

Worse, by undermining excess capacity worldwide, he is in a position to rock the oil markets in either direction either destabilizing exporting countries, as he is doing today, or punishing the consuming countries by withholding oil from the market

Judging from reported increases in reserves worldwide, the excess of oil produced over demand now stands at about 700,000 barrels a day. If that much overproduction causes depression-level prices, what would happen to prices if Saddam chose to withhold I or 2 million barrels a day, as he now could?

The writer, chairman of the Independent Petroleum Association of America, a trade group representing 8,000 oil and gas producers, contributed this comment to The New York Times.

PARIS - The revival of the walking stick craze is very no-

1924: Klan Rivalries

Kn Klux Klan still held the townhall and refused to bow before the orders of the military commanders. Eleven persons werearrested. All were members of the party that killed Cagle, a Klansman, who headed the mobthat descended upon a meeting fad may seem a trifle mannish Circle, a rival organisation, and

> Vinayak Godse, confessed assassin of Mahatma Gandhi, and Narayan Dattatraya Apte, leader of the conspiracy which led to the murder, were sentenced to be. hanged. Five other defendants. who have been on trial on charges of conspiracy were sentenced to life imprisonment. The prisoners being led from the dock began shouting slogans.
> "Long live the Hindu religion.
> Pakistan will be destroyed,

ity to undermine rival Arab states and to depress American petroleum production.

The oil-for-aid program per-

That formula gives Iraq no incentive to produce in a sensible manner that conserves resources, or to get the highest possible price for its product. It gives Iraq every incentive to move its oil onto the market at whatever price is offered.

It is a truism in the oil business, as in other businesses that produce commodities, that the latest goods to enter the market have a disproportionate effect on the price. The result of this has been a dangerous concentration of power in Iraqi hands. Iraqi sales have been partly responsible for the fact that oil is now sold at fire-sale prices.

Most oil producers have seen their capital depleted by this market collapse, seriously han-dicapping their ability to add production capacity. This has substantially accelerated the natural depletion rate of existing fields worldwide, including those in the United States. That depletion, combined with increasing demand, is shrinking the world's ability to maintain a surplus of oil.

### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Walking Sticks

ticeable at the West End of London. Smart women are to be seen in numbers, carrying elab-orate looking sticks or canes in lieu of gamps or parasols. The to people of old-fashioned tastes, but it unquestionably affords abundant opportunity for graceful posing and that artistic by-play of movement which leads an additional charm to the presence of a pretty woman

CHICAGO - Mobrule was still at grips with the law in the min-ing town of Herrin. Despite the presence of fifteen companies of militia and the declaration of martial law following the bloody fighting of yesterday [Feb. 9], when two men were killed and many injured, the Knights of the

of the Knights of the Flaming put them to rout after a battle.

#### 1949: Indian Sentence NEW DELHI - Nathuram

Hindu Hindi Hindustan."

**OPINION/LETTERS** 

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with the problem in now from bombings at climes, of "What now Secretary of State Me Albright said on Smits: there is continued or a fighting in Kosovo, L not going to be there," as that if Ramboullertak

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Many oil-exporting:

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### Over Oil Prin

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Saddam wanted be prices when he invaded to raise money that ke to build his militar ! Now he cannot use of a mms. But by keepingale low, he is reducing her of Saudi Araba, Koraand others Worse, by under

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Nerstan Datation and the the company which who have been the Parket of Confilling

Gold Cup, Britam's equivalent Reams. Playing in London with 40 of 64 deals completed.

> imps in the hole. would generate a swing. Could they win by outbidding their opponents? Or by out-

NE of the most remark-able recoveries of 1998 his bridge column in The occurred in the semifinal of the Times of London.

of the Vanderbill Knockout prospects in six spades. The spade ace, continued with the chance of losing one spade nine and saw East discard. trick, not two, is 79 percent. His team had lost 13 imps and a learn led by Howard Cohen slightly better in the unlikely lost the match by 5, for trailed by 57 imps against a event that a trump is led. If the in the replay North-South group headed by David Price. opening lead is a heart, South rested cautiously in four All impressive resurgence folis most unlikely to lose a spades. lowed, but with one deal re- side-suit trick. He is worse off naming Cohen was still 8 but still in good shape after a for being in the right contract, it is in the hole.

but still in good shape after a for being in the right contract, in the hole. "He and his teammates need either a favorable dia- sad reflection that he could needed an exciting deal that mond position or a winning have saved the day by finessheart finesse.

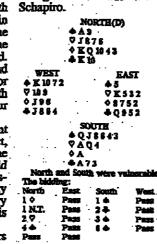
heart finesse ing the spade nine, clearly
North-South for the Price the wrong play in theory team bid were Gunnar Hall- but the right one on this playing them?

Paradoxically, they won by failing the bidding test spaces, using the "new of the winning team, who

.The heart lead made South Schapiro. happy, but he was wrapped in Consider North-South's gloom when he led to the

It was a heavy punishment

presented by the deal shown minor-forcing" device after a marched on to an easy victory in the diagram. It was report- one no-trump rebid, which is in the final, were Nicci ed by Robert Sheehan, a popular on both sides of the Sandkvist, Frederick Wrang, member of the Cohen team, in Atlantic.



C'mon, Janet Reno, Give The Hangman

> by a conversation between one of Mr. Starr's deputies and a lawyer who had worked on the Jones case since 1994.

Wednesday that Justice Department officials were starting to built the case against their boss. David Johnston and Don Van Natta revealed that Mr. Starr's out to help the president, but really she may be rescuing the Republicans. The Republicans may not care about Mr. Starr's ethics. But they should care about his incompetence. partment that they had not had any contact with the Paula Jones

The Republican Party is supposed to be the party of big business. If Mr. Starr were a CEO, the stockholders would be clamoring for his head. He tried a hostile takeover and lost. And the company's stock has phummeted.

Despite public disdain for impeachment, Mr. Starr still managed to sell the House managers a

weak case. The fact that the managers' case is entirely built on Mr. Starr's tainted enterprise is why it is impossible for reasonable It may seem that Ms. Reno is people to accept their arguments, even though most reasonable people believe the president lied and schemed to hide evidence.

After the House Republicans bullied the impeachment into the Senate, they were again led astray by Mr. Starr, who went to court to help them drag Ms. Lew-insky back from California. Any idiot should have known that on the stand, Ms. Lewinsky would try to protect the president, not bury him. She may have "mixed emotions' about her former boyfriend, but she hates Mr. Starr

When things got rough for the Republicans, the independent counsel, with his tin ear for public relations, made them worse: Word got out of his musings about indicting the president while still in office.

People used to trust the Republicans to be practical. As Calvin Coolidge put it, "The chief business of the American people is business." But Mr. Starr, with cheerleading from the Christian right, helped turn Republicans into a party of scolds brandishing scarlet letters. Their new motto is more ominous: "Your business is our business.'

So fire him, Janet, fire him. His business is our business. The New York Times.

### U.S. Culture Is Thriving Despite All the Junk

By Geneva Overholser

WASHINGTON — Loathing the culture is as American as apple pie. Americans loathe it from the right, decrying rents in the nation's moral and social fabric, and yearning for traditions lost. Americans also loathe it from the left, bemoaning the distorting grip of capitalism and yearning for more government funding.

Even when good news pierces the gloom, as it has recently, Americans hasten to assert that,

**MEANWHILE** 

socially and culturally, the country is still headed for hell in a handbasket. Take a recent piece in the National Journal called "This Perplexing Union":
"On the eve of a new century,

there is no escaping the good news," it says. But do not get too cheery: "Much of our popular culture is garbage, celebrity is al-most infinitely more valued than achievement, there is little stigma to greed and materialism."

Last summer, the culture ministers of 19 nations, including America's best friends, met in Ottawa to ponder how they could protect themselves and their culture from - well, from the United States and its culture. The Americans were not invited.

So how exactly does it look these days, this culture found by many so offensive, this "moral rot" that some smell upon America? Let us check out a few indices of moral and cultural health, start-

ing with young people.

After two decades of increase, the proportion of high school students who have had sex has fallen 11 percent in the 1990s, according to a federal report released last autumn. For the first time this decade, fewer than half reported having sex; among boys, the decline was particularly striking — 49 per-cent, versus 57 percent in 1991.

Or take alcohol. In 1980, 72 percent of high school seniors said they had consumed alcohol recently, compared with 51 percent in 1996. In 1985, 17 percent of students said they had tried cocaine, compared with 7 percent in 1996. Violent crime is at its lowest point in 25 years.

As for cultural indicators, a Cato Institute report last autumn called "Is Our Culture in Decline?" cited rection it is coming from. some dramatic statistics.

The average American buys more than twice as many books today as in 1947. Television and the Internet have clearly not van-

quished the book. From 1965 to 1990, the number of symphony orchestrus in the United States grew from 58 to nearly 300, opera companies from 27 to more than 150, regional theaters from 22 to 500. Theater ticket sales are up. More American students are studying abroad.

Of course, American culture is far more diverse, a fact that en-riches or diminishes it, depending on your view. Some of the greatest cultural debates rage over the quick embrace of fleeting trends and the lack of respect for the great voices of the past, But Americans seem in fact to be blessed with a culture that can appreciate Mozart even as it enables wemen songwriters and singers to scor,

Laments over cultural decline echo through history. Listen to this 1808 European observer on the tragedy of the proliferation of popular novels through circulating libraries: There is scarcely a street of the metropolis, or a village in the country, in which a circulating library may not be found, nor is there a corner of the empire, where the English language is under-stood, that has not suffered from the effects of this institution."

Today, Americans focus on some foul-mouthed rapper as if he were the sum total of all that they do and think, look at and listen to - as if he were somehow more representative of American culture than Duke Ellington or Martha Graham or Alfred Hitchcock.

All of this is not to say Americans could not use some uplift. For exactly this purpose, the poet and author Czeslaw Milosz assembled "A Book of Luminous Things." It is an anthology of poetry — an art form which, as Mr. Milosz says, "cannot look at things of this earth other than as colorful, variegated and exciting, and so it cannot reduce life, with all its pain, horror, suffering and ecstasy, to a unified tonality of boredom or complaint."

A frequent review of the many good things going on around us, and a dip into Mr. Milosz's delightful collection: There's a fine cure for pessimism, whatever di-The Washington Post.

#### LETTERS TO THE EDITOR

New Air Strikes on Iraq

Regarding "U.S. Widening Its Targets in Fraq" (Feb. 4):
DE Each day, Iraq perfects its role as a David

Ken Starr the Heave-Ho

By Maureen Dowd

WASHINGTON — You go, Hubbell, from Susan McDongal,

hurks the heart of the undead. He comes back and back and back for more blood — from Webster misled the Justice Department, since Linda Tripp's fateful call to Mr. Starr's office was preceded

from Julie Hiatt Steele, from Mr.

Climon Maybe poor Sidney

Blumenthal is next. (Only Mr.

Starr could inspire "poor" be-fore "Sidney Blumenthal.")

been fantasizing about slaying

Janet is all we have. She has

Certainly there are codles of

reasons to can him. He wasted a

federal fortune investigating all the serious issues — Whitewater,

Travelgate, Filegate — that could have entailed the kind of

public misconduct that Ameri-

cans care about. He found noth-

ing, and instead came up with a

sizzling impeachment potboiler. The New York Times reported

build a case against the man who

deputies assured Ms. Reno's de-

lawyers when they sought to ex-

pand their investigation into the

president's affair with the intern.

notes of that crucial meeting in

January 1998, it appears that the Office of Independent Counsel

Based on contemporaneous

W ASHINGTON — You go, girlfriend. Do not get bogged down in your usual dilly-dallying, shilly-shallying thing. Dump the guy, Janet. He is a loser. Worse, he is a stalker.

Maybe he did not do rope lines, but Kenneth Starr is more

creepily obsessed with tracking

and trapping Bill Clinton than Monica Lewinsky ever was.

Janet Reno, the attorney gen-

eral, has been stewing about all

the independent persecutor's

manhandled Ms. Lewinsky at the mall, how his office leaked and leaked, how Mr. Starr steam-

rolled the attorney general into expanding his authority into the

Lewinsky affair without reveal-

ing his office's contacts with Paula Jones's lawyers.

Even though the president

But when it came out that Mr.

Starr was calculating how he

could indict Mr. Clinton on crim-

inal charges while he is still in office, or the day he leaves for Hollywood, the Clinton crowd

realized that a wooden stake

Beyond Mr. Starr's siry smile lurks the heart of the undead. He

might be required.

thinks the prosecutor is evil, he is loath to play Richard Nixon to Mr. Starr's Archibald Cox.

against the American Goliath, an image that certainly not lost on Middle Eastern sensibilities. Each day, Iraq can flip on its radar for a few minutes and cause the United States and Britain to scramble warplanes and harl down millions of dollars worth of missiles and bombs. Throwing money away with a grand gesture is one thing, being tricked into squandering it is another, and the cooling of U.S. relations with the Gulf states could stem less from their liking of Saddam than from their reluctance to be seen in the company of fools.

FRANK LÚDWIG GROSSMANM. Nice the sylven age

CINDERELLA &

Backstage at the Opera

With Cecilia Bartoli

By Manuela Hoelterhoff.

Illustrated. 262 pages. \$25.

Anthony Tommasini

MANUELA HOELTER-HOFF'S backstage look at the Cecilia Bartoli

But it did not turn out quite

the way Hoelterhoff, a

Pulitzer Prize-winning former

original idea was to provide a

signature opera, Rossini's

1997, Hoelterhoff had envi-

acters in an opera buffa.

By Alan Truscott

30th birthday.

Alfred. A. Knopf.

Reviewed by

COMPANY

#### Elia Kazan, Teacher of Actors

Regarding "Elia Kazan Deserves Oscar for Talent and Integrity" (Meanwhile, Jan. 27) by Richard Cohen:

Mr. Kazan also deserves recognition for the creation of a unique idea that had a wider influence on the cinema than his remarkable films: the founding of the Actors' Studio.

It was and remains a place where in-experienced and professional actors could meet on equal terms without charge. Mr. Kazan modestly called it "a place for ac-tors to get out of the rain." It provided far more than that. At the height of his career, Mr. Kazan would spend hours with me and other beginners teaching us that our greatest asset was our own experience.

This is not a typical case of east manager of the Met. "A biographer growing jaded blunt guy with an opera vilemore she learns about her lain's chin beard and a healthy

Here was "a smooth, glim- ent taste along the way."

ata Tebaldi's first visit to the everyone how real money

such an interesting observer Tutte" in the relatively small

BRIDGE

cal coach; her worldly Italian real planning meetings for the heart of the book. There is boyfniend; her savvy man-lames Levine's gargantuan ample evidence of her superb Hoelierboff

ductors who pass through the resulting book is a bit of this, a that of making her Met debut formative to read stay like comprimatio charbit of that. But Hoelterhoff is in Mozart's "Cosi Fan of the problems.

BOOKS

quite cooperative, she proved

an exasperating subject. Ul-

such tenacious loyalty, par-

thralled), is a bit inexplicable,

and after a while you sense

perceptive and hilariously Hoelterhoff encountered Baryear-old Volpe had now honest book on the making toli's singing, on a recording muscled his way past Levine and marketing of opera to of Rossini's "Barber of on the totem pole, acquiring come along in some time.

Seville," she was smitten. excellent suits and independ-

mering truffle of a voice,"

she writes in "Cinderella &

Still, the Bartoli material

behind-the-scenes report on must have seemed insuffi- freely, notably the powerful

an indisputably excellent cient for an entire book. So, manager and public relations singer who had achieved senhappily for readers, Hochter-sahonal popularity before ber hoff introduces us to just whom Hoelterhoff calls a

about everyone operatic she

bits of wisdom and gossip.

Cenerentola" at the Met in We read about the great Ren- Luciano Pavarotti, showed

ager, Jack Mastroianni, and a 25th anniversary celebration, musicianship, determination

whole cast of recording ex-ecutives and attendant con-eration and much more. The esting career choices, like

Hoelterhoff's frustration.

look at the Cecilia Bartoli a biographer growing jaded the more she learns about her world in general is the most subject. From the first time

critic and editor at The Wall Company," "astonishing in Street Journal, intended. The its virtuosity and range."

For two years, leading up to met during those two years, a new production of Bartoli's interspersed with collected

able access to the singer and United States in 20 years, opher circle: her mother, a era's self-absorbed new love

former chorus soprano and couple, Roberto Alagna and

still Bartoli's most trusted vo- Angela Gheorghin, the sur-

JACK GARFEIN. Paris.

Yet, though Bartoli was and beguiling writer that you role of Despina, the maid. "I nite cooperative, she proved eagerly follow her anywhere. want to have some pleasure exasperating subject. Ul
Her snappy sentences often out of my debut," Bartoli is

timately the reason this par-end with surprise punches: quoted as saying, "and ticular italian mezzo-soprano, she defines the period of bel maybe change perceptions of gifted as she is, has generated canto as a tradition in which what is a debut at the Met."

"embellishments, fluid

ticularly among her American scales, interpolations and spective on Bartoli's penchant

fans (the Italian public has good taste were expected even for missing performances, never been quite as en- of tenors." She has a nov- Several notable cancellations

elist's ability to capture a per-

hunger for prestige, the 55-

Because of Hoelterhoff's

critic and reporter, it is amaz-

ing that so many people in the business talked with her so

"motor-mouthed, bullet-

headed, forever tan egoma-

niac." Breslin's soliloquy on

how he and his prime client,

could be made in opera is

breathtaking in its honesty

and shamelessness.

son in a few wry phrases. Here precipitated by illness, travel she is on Joseph Volpe, gen- snafus and even personal

reputation as an unsparing also ill, was stuck in another

The sections on Bartoli are cations, there is more pres-

### Boeing's Government Subsidies The Carving of Jordan

Regarding "Boeing Abandons Super-sonic Jetliner" (Feb. 8):

The article suggests that one of the reasons for Boeing abandoning its plans to develop a supersonic airliner was competition in the global aerospace market from "government-subsidized competitors in Europe." This is a very thinly veiled allegation against Airbus Industrie. But the article clearly demonstrates that Boeing receives subsidies from the U.S. government. How else would you describe the \$1.6 billion mentioned in the article that NASA poured into the supersonic jetliner's development? This development money would have benefited only Boeing.

Fans will gain some per-

seem to have been genuinely

snafus and even personal

tragedy: During the years

covered in the book, Bartoli's

beloved younger brother died

times her cancellations are

maddening to read about, as

when a healthy Bartoli pulled

out of a live broadcast of "Co-

si" because two lead male

singers were ill, and Levine,

city. That millions in the in-

ternational radio audience

did not seem to matter.

were counting on hearing her

But never the most mellow

bunch, opera singers have to

put up with pushy managers, chiefess directors and drafty

rehearsal rooms and still ex-

ercise their unearthly voices in the most difficult vocal

music ever conceived. If any-

thing, with the current eco-

nomic squeeze in the record-

ing industry, not to mention instant worldwide communi-

Hoeherhoff makes few

predictions, either about Bar-

toli or the field in general. But it is immensely fun and in-

formative to read her account

New York Times Service

STEPHEN KLEIN.
Heidelberg, Germany.

WWW.

#### Regarding "Hussein Risked Assassins

and Arab Wrath" (Feb. 8):

The writer states that Winston Churchill then Britain's colonial secretary, "carved' Transjordan out of Syria. However, Transjordan was "carved" out of the Palestine British Mandate and not out of Syria. It constituted two-thirds of the mandate. In 1948, Transjordan, renamed Jordan, annexed the West Bank. The Palestine Mandate comprised adequate territory for the eventual establishment of two states, one Arab and one Jewish. The present quandary in the region lies in the difficulties in "carving" out a viable third state in the remaining third of the original mandate. HENRYK EISENBERG.

Rehovot, Israel.

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#### INTERNATIONAL

### NATO Prepares a Force **To Disarm Combatants**

### Advance Unit of 10,000 Ready to Move Fast

By William Drozdiak Washington Post Service

BERLIN — The NATO alliance is planning to send an advance force of up to 10,000 troops into Kosovo to begin disarming combatants within days if a peace agreement is reached between the Serbian authorities and ethnic Albanian leaders, alliance military and diplomatic sources said Wednesday.

NATO ambassadors in Brussels approved an accelerated timetable to minimize delay between a prospective peace deal and its enforcement by allied military forces.

The international community has set a Feb. 19 deadline for agreement between to bolster the French-led extraction force Serbian and ethnic Albanian negotiators, who are meeting under French and Brit-ish mediation in Rambouillet outside

Senior NATO diplomats said all operational concepts for the vanguard "enabling force" should be completed by Monday so the necessary troops could be deployed in the vicinity of the southern Serbian province in order to move in quickly once a peace settlement is

Military officials said the first soldiers to hit the ground in Kosovo would come from an allied rapid reaction force based in Rheindahlem, Germany, and commanded by Lieutenant General Mike

Those troops would join up with 1,700 members of a French-led force already based in Macedonia.

They were sent there to stand by to protect about 1,000 civilian monitors sent to Kosovo to verify the terms of a truce reached in October that has all but fallen apart.

Along with Britain and France, Germany, Italy and Spain are planning to contribute the lion's share of soldiers to the NATO-led force, alliance military sources said.

President Bill Clinton has said only that he would "seriously consider" doing so, but NATO officials said there was unanimous consent in allied capitals that an American presence — even as small as 2,000 soldiers — would be a vital ingredient for success.

and only the Europeans present on the a senior European diplomat said. "That is a recipe for the kind of policy disaster that took place in Bos-

Alliance ambassadors also agreed that there would be no question of "dual key" arrangements and that the commander of a Kosovo peacekeeping force would report directly to the North At-

Iantic Council. France had suggested that the sixnation Contact Group — the United States, Russia, Britain, France, Germany and Italy - should be consulted concerning any air strikes, but this idea was

By Jane Perlez

bush of Kosovo, Hashim Thaci is known

as "Snake." No one seems to be quite

sure why, but some suggest that the 29-

Swiss university has the ability to slither

peace talks, Mr. Thaci is a key figure ---

tough smart, ambitious and arrogant.

But diplomats who know Mr. Thaci as

head of the Political Directorate of the

rebels' Kosovo Liberation Army say it is

hard to figure out exactly how he thinks

Thaci was open to Western ideas and

democratic institutions. Another said Mr.

Thaci might be influenced by Marxism.

in the 16-member ethnic Albanian del-

egation to the peace talks, and to a lesser

extent on the Serbian side, are among the

many factors that make it difficult to

there are three men of known quantity-

men who are adjutants to the Yugoslav

Of the top Serbian delegates, Western diplomats are quite familiar with Nikola

Sainovic, a deputy prime minister of Yugoslavia and the point man for Mr.

Milosevic in Kosovo, and with Ratko

The close involvement of Mr. Sain-

ovic in Kosovo was illustrated last month

after telephone conversations he had with

a Serbian general, Sreten Lukic, were

monitored by Western diplomats. They

showed that Mr. Sainovic had tried to

cover up circumstances of a massacre of

ethnic Albanian civilians at the Kosovo

A report by monitors concluded the

killings had been retaliation by Serbs for

the ambush killing of four of their men.

could be heard asking if it would be

Kosovo Liberation Army and the Serbs.

Mr. Samovic is known around Bel-

grade as "Saya Patton" - a nickname

daining as legal whatever political ma-

scorched-earth tactics.

In the conversations, Mr. Sainovic

village of Racak, diplomats said.

Markovic, a Serbian deputy prime min-

predict the outcome of the talks here. In the 13-member Serbian delegation.

leader, Slobodan Milosevic.

Such uncertainties about the characters

One diplomat said he believed Mr.

For the negotiators at the Kosovo

away from battles - just in time.

RAMBOUILLET, France - In the

A Duel of Personalities

year-old political-science graduate of a elected president of Kosovo by the eth-

NATO military officials said the key consideration for them was to get peacekeeping troops deployed quickly to keep any peace deal from unraveling.

In the case of enforcing the Bosnia peace agreement, NATO forces were mobilized during a three-week hiatus between the conclusion of the Dayton accords and signing of a peace agree-

But in Kosovo, alliance forces will not have any extra time to prepare for their mission if a deal is worked by the fixed deadline. As a result, military planners have settled on the idea of dispatching a heavily armed advance guard known as

"Tier Three" forces already in training The initial deployment of up to 10,000

troops would eventually be supplemen-ted by other soldiers from alliance and other countries that could bring the NATO-led force level in Kosovo as high as 30,000 -- depending on the degree of cooperation they receive from the Serbs and the ethnic Albanian rebels.

Foreign Minister Zivadin Jovanovic of Yugoslavia warned this week that his country, embracing the republics of Serbia, which includes the province of Kosovo, and Montenegro, would "under no conditions" accept the presence of foreign troops on its soil.

The State Department spokesman, James Rubin, said that Belgrade's failure to accept the peace implementation force could be sufficient to trigger NATO air strikes.

"They would be making a big mistake to hold up this agreement over the ques-tion of allowing forces in if the Kosovo Albanians are prepared to do so," Mr. Rubin said.

NATO officials said they were op-timistic that the Serbs would ultimately give "passive" consent to a peacekeep-ing force once they realized it would be in their own interests.

The Serbs are being asked to draw down their security forces from 10,000 to 2,500 under the terms of the interim peace proposal. If they do so, the sources said, the Serbs will recognize the value of NATO soldiers disarming and keeping in check the Kosovo Liberation "We cannot have the Americans out Army, whose guerrillas have been waging bloody hit-and-run tactics against Serbs for the past year.

'The Serbs may never openly say yes to the presence of foreign troops in Kosovo, but we expect that in the end they will not say no, either," a senior diplomat said. "If they did so, the alternatives are pretty huriful."

#### ■ Serbian President Awaited

President Milan Milutinovic of Serbia is expected at the peace talks on Thursday, Agence France-Presse reported from Rambouillet.

istry said the co-hosts of the peace conence would also return on Thursday.

elections that opposition parties had won,

But as the negotiators deal with the

a ruling that provoked demonstrations.

two sides sequestered here, the com-

plexities of the ethnic Albanian dele-

gation are the most important to grasp.

But more vital to the negotiators will

Veton Surroi, a prominent newspaper

Albanian politics. The son of a Yugoslav

and the fairly ineffective Mr. Rugova.

circulation paper in Kosovo, he has an

colleagues say he has made little secret of

his ambition to be president of Kosovo.

Krasniqi, who was imprisoned by the

An important Kosovo Liberation Army official in the delegation is Jakup

Western diplomats in Kosovo who

crisis, involving the release of eight

Yugoslav soldiers captured by the guer-

rillas, described him as fair. He is part of

the rebels' directorate that holds togeth-

has made a point of traveling in many

regions of Kosovo, diplomats said, and

seems to have concluded that the fight-

Almost unknown to the negotiators is

Xhavid Haliti, a key organizer for the

rebels. He has been based in Tirana, the

been in charge of overseeing the arms

From outside Kosovo, Bujar Bukoshi.

In the last few months, Mr. Krasnigi

So far, Mr. Surroi has shown a sort of

important platform.

Serbs for eight years.

er a network of warlords.

possible to make the killings look as if file don't want more fighting." said an

intended to show his preference for Albanian capital, and appears to have

By contrast, Mr. Markovic, a law pro- flow over the northern Albanian moun-

neuver Mr. Milosevic needs, according to a urologist based in Germany, has been

Serbs. In 1996, Mr. Markovic found legal the major fund-raiser for the money justification for overturning local Serbian coming from Albanians living abroad.

they were the result of a battle between the American who knows him.

fessor, represents Mr. Milosevic by or- tains into Kosovo.



Bodo Hombach, standing, and Claudios Fischbach of the German Embassy explaining the proposal in Washington.

## Bonn to Compensate Victims of Nazis

#### In Move to Avoid Lawsuits, State Agrees to Start Fund Financed by Industry

By David E. Sanger New York Times Service

WASHINGTON - The German government said it had agreed in principle to establish a huge compensation fund, financed by the biggest names in German industry and banking, to compensate victims of Nazi horrors.

The proposal, announced here Tuesday by a top aide of Germany's new chancellor, Gerhard Schroeder, appears to be an effort to short-circuit a wave of lawsuits in American courts against German companies that used slave labor and forced labor during World War II or profited from seizures of assets belonging to Jews and other victims of the

German officials said the size of the fund was still to be determined. But they have made it clear that they want to avoid the kind of international bruising that Switzerland suffered for nearly two years as its government fought legal and dip-lomatic action against Swiss banks. Ultimately, the two largest banks in Switzer-land reached a \$1.25 billion settlement that was formally signed last month.

At a news conference here Tuesday, Mr. Schroeder's chief of staff, Bodo Hombach, said it would take some time before the German government, its major corporations, Jewish groups and lawyers the size of a fund to resolve outstanding

claims against German companies.

But participants in the talks said they thought the amount paid by the Swiss banks would be a starting point and that the German settlement — which is likely to include Deutsche Bank AG, Daimler-Benz AG, Volkswagen AG, Siemens AG and others — could easily reach into the billions of dollars.

What the German concerns want in return is exactly what the Swiss got: a global" agreement that ends virtually all such suits. Mr. Hombach also suggested Tuesday that Germany had conchided, after watching the Swiss experience, that a prolonged fight was not in the interest of the country or its companies.
"You could legally win and lose your

In many ways the Swiss and German

cases are not comparable: Switzerland was neutral in the war, and the suits against its banks marked the first time in half a century that the Swiss had been confronted with their mixed wartime -In contrast, successive generations of

Germans have wrestled with their national legacy. Mr. Hombach said Mon- euro, the common European currency, day that since Germany's surrender in provides a new means for them to expand 1945, the government had paid 140 bil-their operations around the world.

representing Holocaust victims settled on lion Deutsche marks, or about \$80 billion at current exchange rates, in war eparations and aid.

But there has never been a settlement by German companies, including those that forced East Europeans to work in wartime factories for little or no pay.

The German announcement, which came after lengthy negotiations Monday

at the U.S. State Department, won praise from the World Jewish Congress, which pressed the Swiss case and has been a central player in the negotiations with But lawyers for the plaintiffs in the suits, who have often been at odds with the World Jewish Congress, were more cautious. Several said that a meeting

had marked the beginning of a dialogue but that it was premature to say any kind of agreement was in the offing. The talks to reach a settlement are likely to be difficult, given the com-peting interests of Jewish groups, plaintiffs and lawyers, some of whom

here Monday night with Mr. Hombach

are still haggling over their fees for the settlement with Swiss banks. The German companies have an extraordinary incentive to come to some kind of settlement, especially now that the

#### BRIEFLY

#### U.S. Pilot Criticized In Gondola Deaths

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CAMP LEJEUNE, North Caroiina — The commander of a Marine pilot being count-martialed for an accident that killed 20 people in an Italian ski gondola last year has sharply criticized the pilot's conduct during the flight

The commander, Lieutenant Colonel Richard Muegge, testified that the crew's decisions to carry a video camera in the cockpit and to execute a 360-degree roll during the low-altitude flight were unsafe and unwise. The statement from an immediate supervisor, on the second day of the court-martial here, was seen as a damaging assessment of the defendant, Captain Richard Ashby, 31, of Mission Viejo, California.

Captain Ashby, whose aircraft sliced through a cable over a winter resort in the Dolomites and sent the gondola plummeting to the ground, could be sentenced to life in prison if convicted on the 20 counts of involuntary manslaughter lodged against him.

#### Madrid Opposes Meeting of Kurds

MADRID - Eager not to upset Turkey, the Spanish government intends doing all it can to prevent a meeting of a Kurdish "parliament-in-exile" in the northern Basque region, the interior minister said

The minister, Jaime Mayor Oreja, said the proposed Kurdish meeting, which would be held in July, was "a propaganda exercise for a terrorist group."
Turkey has expressed strong dis-

approval over the decision Tuesday by the Basque regional parliament to play host to the Kurdish group, made up of 65 Kurds who live in various European cities.

#### NATOAllies to Meet

BONN - Chancellor Gerhard Schroeder of Germany was to fly to Washington on Thursday for a meeting with President Bill Clinton on issues expected to range from NATO strategy to Holocaust compensation claims. Mr. Schroeder and his wife will meet Mr. Clintonfor lunch at the White House and return to Bonn later in the day. German news organizations have been reporting that the U.S. president is concerned about Bonn's ideas about

### Tom Rambouillet. A spokeswoman for the Foreign Min- AVALANCHE: At French Ski Resort, a Search for Survivors Continues After 10 Die

Chamonix area Wednesday, officials At the Rambouillet Talks, said, to Juries. The said, but there were no reports of in-

The people killed in the avalanche Tuesday included four children, three men and three women, the police said. Earlier, more than 20 people were pulled out of the snow alive. Five of the survivors suffered from minor injuries.

Meanwhile, rescue workers Wednesday were renewing their search for a 28year-old British skier in the French Alpine resort of Courchevel. The skier, who was not identified, was skiing off marked trails Tuesday when hit by an

Ibrahim Rugova, who has been twice Snowslides killed at least three people nic Albanians, is known well to the nein Switzerland earlier this week, includgotiators for his decade-long campaign of nonviolent resistance to Serbian rule. ski station.

The avalanches resulted from an estimated 150 centimeters (5 feet) of new be the figures from the insurgency and snow that fell in the Swiss Alps since sunday, said Martin Schneebell, of the slowing," said David Mackie, an econfederal avalanche research center, loomist at J.P. Morgan & Co. Like most publisher who presents himself as an independent in the murky world of ethnic cated in Dayos.

diplomat to Mexico and Bolivia, Mr. "This is one of the largest snowfalls we've had," he said. "It's the worst since the winter of 1984-85, 15 years Surroi speaks excellent English and is a favorite of diplomats visiting Kosovo. But his blunt manner and often conago." The situation is expected to improve "because there is not as much trary opinions have not won him favor in snow coming in the next days," said Roland Meister, an avalanche foresome quarters of the U.S. State Department. Even so, Washington recognizes him as perhaps the best bridge between the militant Kosovo Liberation Army

Lives are claimed almost every winter, especially those of skiers and snow-Mr. Surroi can often be found in the restaurants of Pristina, the capital of boarders who leave designated tracks, but this winter, thus far, has seen 12 people Kosovo, cell phone at hand, and as the killed in avalanches in Switzerland. The publisher of Koha Ditore, the largest-particularly bad winter of 1969-70 saw 56 people lose their lives, buried under cascades of snow. In 1985, 11 passengers in cars were swept away in snowslides on urbane disdain for the negotiations, but the Tasch-to-Zermatt route.

Roads and railroad tracks were closed Even the Swiss post, famed for its punc- airlifted supplies to tourists in the resort for safety reasons in parts of the Swiss tuality, faced problems. At Interlaken, in of Galtuer. Alps, including the key Gothard Tunnel hard-hit middle Switzerland, the post route between Italy and Switzerland. office had to deliver mail by boat.

That route was opened late Wednesday. While some areas in Switzerland's remained cut off by heavy snowfalls, train service was mostly restored Wednesday after 24 hours of disruption, although trains in the Zurich area continued to run late.

Some 1,500 passengers at Zurich's Kloten Airport had to be put up in hotels mated 6,000 tourists in the popular Tyrol because of travel delays at Swissair's area of Austria, with many still anable to hub. On Wednesday, the airport was leave after five days. Reuters reported reporting delays of up to three hours. that the Austrian Army on Wednesday

Thousands of tourists were stranded

in mountain resorts, unable to leave be-Some resorts, including Grindelwald, helicoptered out some tourists. Other tourists were being housed in

bunkers build decades ago as bomb shel-

Icy conditions also resulted in accidents, which blocked the Inntal expressway for several hours.

In Eastern Europe, an avalanche in central region, the Bernese Oberland, cause of the heavy snow accumulation, northwestern Romania blocked a highway, although no injuries were reported, The Associated Press said.

With severe weather moving south, Slovenia's Ljubljana airport was also

In Italy, there were serious traffic problems due to wind, rain and snow and a landslide alert was issued in one area where serious mudslides claimed 100

### in Switzerland earlier this week, including a couple inside their restaurant at a BRITAIN: Brink of Recession Is Near, Bank of England Warns

#### Continued from Page 1

private-sector economists, Mr. Mackie contended that the economy has been throttled by the inflation-fighting zeal of the Monetary Policy Committee.

The committee, set up and given control over interest rates just days after the government of Prime Minister Tony Blair took power in 1997, drove rates up to a peak of 7.5 percent last summer to prevent high wage increases from stoking inflationary pressures. Those increases and the subsequent rise in the value of the pound have stymied British manufacturers and then fed into the broader economy.

Many analysts now predict the economy will slide into recession, marked by a decline in output, during the first half of this year before recovering.

"The risks are very much on the it said that some of the nine members on downside," Mr. Mackie said. He pre- the Monetary Policy Committee believe 4 percent by the end of this year. Mervyn King, the bank's deputy di-

wrong in hindsight, saying only that the Monetary Policy Committee did its best to assess the latest economic data. He also stressed that the slowdown of the global economy as a result of fi-nancial crises in Asia, Russia and lately

Brazil represented "quite a significant change" in economic circumstances.
Still, he acknowledged that the committee had found the policymaking dif-ficult in its early days. "We are all a little older, perhaps a little wiser," Mr. King

In its report, the central bank pro-

jected that inflation would remain around the government-mandated target of 2.5 percent for the next two years. But conference.

the Monetary Policy Committee believe dicted that the bank would lower rates to the inflation trend will run about 0.2 percentage point lower because of the weakness of the global economy and rector, declined to comment on whether the bank's past interest-rate moves were productivity gains in Britain.

The idea that inflation could run at or

below target was regarded as good news for the inflation-prone economy.

"For the first time in a generation, people expect low inflation," Mr. King said. "And for most of last year inflation

was close to the target." ■ Consumers Urged to Buy More

The Bank of England governor, Eddie George, said Wednesday that higher do-mestic demand was needed in industrialized countries to stem the slowdown arising from loss of exports, Bloomberg News reported from London.
"We can afford to see higher do

mestic demand," Mr. George said at a

#### RUSSIA: Deterioration of Nuclear-Attack Warning System Raises Fears Among Analysts; Continued from Page 1

### dealt with Mr. Krasniqi during a recent early-warning risks, the launching of a

Norwegian scientific rocket in 1995 triggered a false alarm that was reported all the way up to Mr. Yeltsin. At the time of the 1983 alarm, the

Soviet satellites positioned to detect U.S. ballistic-missile launchings had been on station for only about a year. Launched into a high elliptical orbit, the satellites did not look directly down at the hot exhaust of a rocket.

To keep tabs on U.S. missile fields, an array of satellites was needed. The full early-warning system of that era had nine satellites. On the day of the false alarm, Center for Arms Control, Energy and

Environmental Studies in Moscow.

missile fields. That same system is still in use, but because of its crippling financial problems Russia has not put an The situation in the last six years wasn't April. Some existing satellites ceased working. Now, they have used up working last year, and, according to Mr. reserves. The problem is serious." Podvig, the system now has only three active satellites.

system in the late 1980s — this one in satellites remain fixed above one place one sited to cover some of the gaps in the original array of satellites. Gaps remain, however. Every 24

hours, the high elliptical satellite system is blind during two periods; one is nearly Paul Podvig, a research associate at the long, Mr. Podvig said. Even with the help publics that now are independent counof the geostationary satellite, there is a daily gap of about three hours, he said,
"Over the last five or six years, Rus-

early-warning satellite into orbit since good, but they had reserves. They kept it working. Now, they have used up those

Theodore Postol, a professor at the Massachusetts Institute of Technology, The Soviets created a second satellite said the satellites in geostationary orbit were incapable of looking down into any geostationary orbit, meaning that these ocean. That, he said, leaves Russia with "no space-based early warning against ing should end. "He knows the rank and the Earth; rather, they peered at an angle, on the Earth's surface. Two of these are the most potent threat its land-based depending on infrared waves to identify still functioning, Mr. Podvig said, with forces face: the U.S. Trident submarinelaunched ballistic missiles." Mr. Postol said Russia's system of

ground-based early-warning radar had also been degraded because many intries. The situation is risky, he said, in Environmental Studies in Moscow.

Mr. Podvig said the seven satellites

"Over the last five or six years, Ruswere sufficient to cover all the U.S.

daily gap or about three nours, ne said,
"Over the last five or six years, Rustoward making a quick decision to redone anything to implement it, and
have no vision of follow-on steps."

reliable information. But Mr. Podvig said he was not as worried as Mr. Postol about Russia's early-warning prob-

'If you consider Cold War scenarios, a lack of early warning is a really bad, thing," he said. "You can come up with all kinds of first-strike scenarios.

But I'm not that pessimistic. My view is that, even if Russia has no early warning capability, no radars, no satellites, and still relies on intercontinental? ballistic missiles and launch-on-warning, in any crisis, Russia will still have to be taken seriously.

So far, little has been done to reduce the threat of nuclear miscalculation. At a summit meeting in September in stallations were built on the periphery of Moscow, Mr. Clinton and Mr. Yeltsin there were seven in orbit, according to six hours long, the other about an hour the Soviet Union, in former Soviet remissile-launching information.

"It was a good first step," Mr. Postol that it could drive Russia more and more said, "but the administration hasn't done anything to implement it, and they

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defendant. Captain Richard to Mission Vicio. Califor Captain Ashby. whose aliced through a cable over a resort in the Dolomites and to be particularly and the particular of the arrow of the consider sentenced to his a tavoluntary manulaughter is spokesman for Mr. Obuchi, said.

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Wednesday to buy government bonds to keep a rise in long-term interest rates from choking off an economic recovery.

"This possible action by the Bank of Japan is one option that we have to consider seriously," Akitaka Saiki, a spokesman for Mr. Obuchi, said.

The Bank of Japan, which so far has

Madrid Opposes Madrid Opposes

Meeting of Kurdi

MADRID — Eager not bank has no intention of changing its basic policy.

Turkey, the Spanish governor tends doing all it can to part the contral bank has no intention of changing its basic policy.

The administration's comments Wednesday, expressing frustration at the Bank of Japan's stance, highlighted a growing struggle between Mr. Obuchi's administration and the central bank over how to save Japan's alling economy.

region, the interior minist how to save Japan's ailing economy.

Interest rates have risen sharply in The minister, Jame & recent months on worries the govern-Oreja, said the proposed is ment will flood the market with new meeting, which would be bonds to finance increased public works July, was "a propagand to spending. The yield on the benchmark for a seriorist group.

Turkey has expressed sing to 2.065 percent Wednesday from 1.985 approval over the decision in percent a day earlier. The rate had by the Rusque regional pale dropped as low as 0.7 percent last year. made up of of Kurds whole Bank of Japan to buy bonds, which various European cities would most likely drive up prices and bring interest rates back down.

NATOAllies to have government would be borrowing from itself — and essentially printing more Chanceller (et money, something the Bank of Japan

Schroeder of Germany waster fears will rekindle inflation.

Washington on Thurda for Investors are skeptical the central bank will announce at its meeting Friday that it will buy more government bonds on the secondary market. "Nobody expects the BOJ to come up with sometime on Friday." said Jan Fukashiro, a fund manager at NCB Investment Manager At NCB I return to Bonn later in the day agement Co.

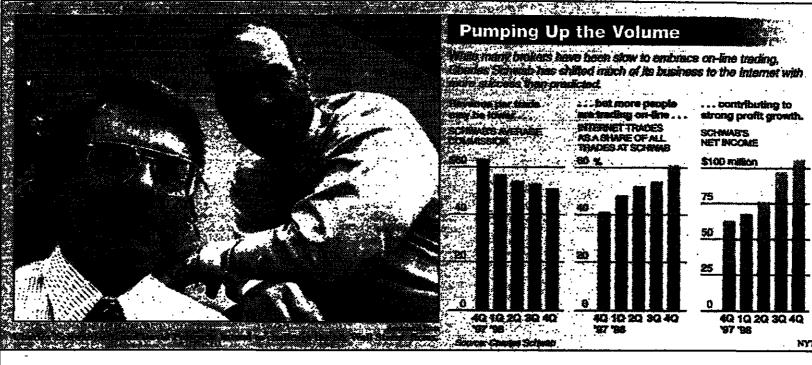
Meanwhile, speculation that the the the organizations have United States was urging Japan to ease reporting that the US prese monetary policy was recentled by an monetary policy was recentled by an article in the Wall Street Journal saying emphasize monetary policy.

The article, which quoted no government sources, said the U.S. government now believed that Tokyo's deficit spending alone would not solve Japan's woes and that without monetary expansion, rising interest rates could mute the effect of public spending.

soy conditions also resulted It also said the administration was which blocked the be willing to accept the weakening of the yen that would ensue and the boost that would give to America's already huge northwestern Romania blockds

The Associated Press and The U.S. ambassador to Japan, Thomas Foley, said Wednesday that there were as yet no signs that Japan's With severe weather moral in's Ljubhana amon's economy was bottoming out this year and that Tokyo should persist with stimhi fully, there were sense! ulus as well as deregulation and banking res due to wind, rain and ge

The senior government spokesman, Hiromu Nonaka, has repeatedly noted madelide alen was round in the ne persons mudshdes classic that Japan bought U.S. Treasury secu-rifies in the 1980s. On Tuesday he said, The United States should consider maintaining the balance when our country's economy is in bad shape."
(AP, Reuters, Bloomberg)



### Making a Profit on the Net: Schwab Pulls It Off

By Joseph Kahn New York Times Service

AN FRANCISCO — There are many brandname banks and brokerage houses battling on the front lines of American investing. Only one of them, Charles Schwab Corp., has made peace with the Internet.

Schwab, the quarter-century-old discount broker that has long cast itself as a Wall Street outsider, has converted most of its brokerage business to the Internet with an ease that few analysts expected.

Moreover, it has quickly come to dominate the booming business of trading stocks on-line. Its giant computing center in Phoenix, Arizona, handles almost a third of all Internet trading - meaning that one in 20 stock trades in America passes through the Schwab system.

All this has come while its rivals struggle with the

Merrill Lynch & Co., the biggest U.S. retail broker, will begin a limited on-line trading service soon, but like other full-service firms has been slow to embrace the Internet. E\*Trade Group Inc., a leading on-line competitor, has suffered a streak of embarrassing trading shutdowns. Nearly all other Internet stocktrading companies talk of "earnings before marketing expenses" instead of profits.

But even as it becomes known as the Hondini of finance for its ability to squeeze profits out of difficult situations, it is undertaking an even trickier makeover. Schwab is trying to convert itself into a full-service brokerage firm for the Internet age.

The idea is to use the Web to challenge — I

directly than ever before — the retail arms of Merrill Lynch, Morgan Stanley Dean Witter & Co., Citi-

hand-holding to customers. Schwab is also fighting to distinguish itself from well-financed on-line trading marble or mahogany. And the nouns are all semiotic: competitors such as E\*Trade, Ameritrade Holding Corp. and Waterhouse Securities Inc. that are clawing

at its on-line dominance and offering lower prices.

The transition will be closely watched by Schwab's competitors. All are trying to figure out how Americans will invest early in the next century, what role the Internet will play and how investment advice will be distributed.

Schwab intends to hog the middle of the road, somewhere between Merrill on the full-service side and E\*Trade on the discount side. But it will need sharp elbows to keep that space for itself.

It dominates the booming business of trading stocks on-line, while its full-service rivals struggle with the new medium.

"Our mission now is to create a new model of a full-service brokerage firm," said David Pottruck, Schwab's co-chief executive. "We are not a discount

But Mr. Pottruck was careful to distinguish his Schwab stands practically alone: It has made the vision from that of the existing full-service brokerage wenching transition — and made money from it, firms. "I mean a new kind of full-service firm," he gives brokers free trips to Hawaii.'

Promoted to share the executive reins with the chairman, Charles Schwab, a year ago, Mr. Pottruck heads-up if prices moves up or down significantly or if has made his message resonate: Schwab intends to go after the big Wall Street firms, which control much more of America's investment money than discount firms do, and it will use the Internet as its weapon.

group's Salomon Smith Barney Inc. and others. It ters is a bit like dropping in on a West Coast con-plans to offer more advice, research, analytics and even sultants' convention. The dress is Gap casual, the

marble or mahogany. And the nonns are all semiotic: segmentation, alignment, high-tech, high-touch and empowerment.

But the mission is in many ways the logical ex-tension of the idea that first prompted Mr. Schwab. 61, the company's founder, to pioneer discount brokerages in the 1970s: distrust of Wall Street. Schwab began as a refuge for investors who felt they had been burned by brokers who got commissions each time a stock was bought or sold

Schwab did trades for less and paid its brokers in salary and bonuses, not commissions. Now it is starting to give its customers many of the tools that fullservice brokers and professional money managers have at their disposal but for a fraction of the cost.

Using the Web, Schwab thinks it can make the desktops of its 2.2 million on-line customers resemble a broker's. Its Web site now has industry research from Standard & Poor's, insider-trading reports from Vickers, live interviews with chief executives from Briefing.com, stock research from Credit Suisse First Boston and Hambrecht & Quist and a proprietary screening service that can pinpoint equities that meet an investor's customized criteria.

Many of its features are free, though clients with less than \$100,000 in assets pay fees for research and some other services.

Schwab is also working out the kinks in an e-mail service that it says will make "warm calls" and "hot solicitations. The automated system is designed to monitor clients' portfolios and give them an electronic

A visit to the company's San Francisco headquar- 275 branch offices, places where customers still go to

See SCHWAB, Page 17

### Court Orders American Airlines Pilots Back to Work

DALLAS — American Airlines won a court order Wednesday forcing its pilots back to work, ending a work slowdown that threatened to snarl vacation travel over the long President's Day

U.S. District Court Judge Joe Kendall issued a temporary restraining order against American's 9,200 pilots after hearing attorneys for both the airline and

four hours on Wednesday. American Airlines had asked the judge to force pilots to stop calling in sick and end a slowdown that has grounded 40 percent of daily flights.

"One thing is crystal clear: That is that the job action being taken is inappropriate and has to stop," Judge Kendall said in court in Dallas. The judge did not immediately set the

the Allied Pilots Association for about terms of the temporary restraining order which includes pilots' calling in sick and but agreed to talk with both sides about refusing to work overtime.

the exact language. pany said it had asked a U.S. district at Reno Air Inc. to American standards judge for a restraining order to end the action by the Allied Pilots Association,

American turned to the courts even AMR Corp., the airline's parent com-pany, said the labor dispute forced it to talks with the airline on Tuesday for the cancel 900 flights Wednesday, bringing first time since negotiations broke off the number of flights grounded since late Friday. The association is demanding that American raise the pay of pilots

See AIRLINE, Page 12

### For LVMH, A Designer Purchase?

Armani's Chief Says Firm Is Negotiating to Buy It

MODENA, Italy — Moet Hennessy Louis Vuitton SA, the world's leading luxury-goods maker, is negotiating to buy the Italian fashion house Giorgio Armani SpA, the head of Armani said Wednesday, hours after LVMH denied it was buying another Italian fashion house, Gianfranco Ferre.

Armani's managing director, Gus-seppe Brusone, said LVMH had been in contact with the Italian company for several months.

"I confirm LVMH's interest in our group," Mr. Brusone said, noting that Bernard Arnault, the chairman of LVMH, unexpectedly attended Armani's fall-winter menswear collection in Milan on Jan. 13, taking a front-row seat.

Mr. Amault was in Milan at the time for talks with Gueci Group NV, and LVMH raised its stake in Gucci to 34.4 percent from 26.7 percent, But the French luxury-goods maker said it did not intend to take over the Florence-based com-

pany.
"You know that Amault came to the Giorgio Armani show," Mr. Brusone said Wednesday. "Mr. Arnault discovered that the world of luxury goods is not only French but is also Italian." He was talking on the sidelines of an analysts' meeting with Simint SpA, an Italian clothing man-ufacturer controlled by Armani.

LVMH would not comment Wednesday, but it denied an Italian press report that Gianfranco Ferre had accepted a bid from the French company.

"We formally deny this information, which is unfounded," said a spokesman for LVMH in Paris.

Mr. Brusone said Armani was in talks with several companies, Italian and foreign, in addition to LVMH, but that it

was 'not looking for a partner.'
"We're a big group," he said, "and
it's our duty to examine proposals and offers from other big groups. Asked if proposals concerned an

equity partnership or a distribution al-liance, Mr. Brusone said: "In our evaluation of possible alliances we are looking at all aspects — economic, financial and industrial as well as synergies. We just a matter of shareholding stakes." Armani said last year that plans for a

bourse listing had been put on hold but had not been abandoned altogether. "It's one of the things we're eval-nating," Mr. Brusone said. "But it's less interesting to us because one of the rea-

sons companies go on the bourse is to raise money, and we don't need to. He said that by the end of 1998 the Armani group will have liquidity of 680 billion lire (\$397 million). In 1997 Ar-

mani had a net financial position of 550 Simint, Armani's clothing manufacturer, is expected to post sales of 199

billion live in the six months to April 1999, up from 185 billion lire a year earlier. Armani has a 53.25 percent stake in Simint. Mr. Brusone also said that Gruppo

Finanziario Tessile SpA would not manufacture the autumn-winter collection of 2000 for the Mani Donna line, which will be made by the group's Antinea unit. LVMH shares closed Wednesday at

211.10 euros (\$186.71), down 8.40. (AFP, Reuters, AFX)



Workers of Thyssen AG's Henschel plant holding banners of the IG Metall union as they marched Wednesday to a rally in Kassel. Meanwhile, data showed more weakness in the German economy. Page 13.

#### **CURRENCY RATES**

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### Cancer Drug Doubt Punishes EntreMed

PRINCETON, New Jersey — Shares of EntreMed Inc. lost almost half their value Wednesday after Bristol-Myers Squibb Co. withdrew its backing for joint development of a drug previously touted for its apparent cancer-fighting qualities.

Angiostatin, a naturally occurring human protein, was thrust into the spotlight last May when it was featured in a front-page article in The New York Times. According to research by Dr. Judah Folkman of Children's Hospital in Boston, the combination of angiostatin and the drug endostatin was able to shrink tumors in mice by cutting off the tumor's blood supply. Neither of the drugs has been tested on people, however.

In a statement issued Tuesday, Bristol-Myers cast doubt on the drug's future. "At this time, angiostatin protein in its present form does not meet our criteria for molecules that advance to clinical trials," said Robert Kramer, vice president of oncology drug discovery for Bristol-Myers Squibb.

The New York Times reported Wednesday that Mr. Kramer said the company's main concern was not the effectiveness of the compound, but whether it could be manufactured in large enough amounts to sustain tests in people. As recently as November, a Bristol-Myers spokesman said it was hoped that human testing would begin late this year.

"It is certainly a setback" for EntreMed, said Ira Loss, an analyst with HSBC Washington Analysis, who follows the Food and Drug Administration. "Bristol-Myers is one of the leading oncology companies in the world. It is not a vote of confidence in the potential for this product that they would decide to abandon development before it even got into humans."

In a second development, Bristol-Myers said Wednesday it had halted tests of a hepatitis and herpes drug, lobucavir, after studies in rats revealed a tumor risk. Sales of lobucavir, which was in the last of three stages of testing required to apply for U.S. approval, could have been about \$200 million by 2002, according to some estimates.

EntreMed said it would continue to develop the anti-cancer

compound and hoped to begin human trials on its own in 1999. Bristol-Myers said it could resume development and mar-keting rights for the drug "once proof of clinical principle has ButreMed shares fell \$11.63 to close Wednesday at \$12.88.

(AP, Bloomberg)

Bristol-Myers shares finished unchanged at \$122.50.

CORUM A true classic with "Roman hours" hand engraved. 18 ct geld or steel. Corum, 2301 La Chaux-de-Fonds, Switzerland, fax, +41 32-0 670 600

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#### Very briefly:

- Ford Motor Co.'s chief executive, Jacques Nasser, denied that the automaker was discussing any merger or acquisition with Bayerische Motoren Werke AG of Germany.
- Free-PC.com reported more than 300,000 applications for the 10,000 free computers it is giving away in exchange for personal information about the recipients that the company can provide to advertisers.
- Apple Computer Inc. is taking a \$9 million charge in its second quarter related to contracting out the assembly of some of its Macintosh computers, according to a filing with the Securities and Exchange Commission. The company has re-fused to confirm or deny South Korean reports that it will award
- a \$10 billion, five-year contract to LG Electronics Corp. • W.R. Grace & Co. is cutting 350 jobs, or 8 percent of its salaried work force, in an effort to save \$20 million a year.
- Citigroup Inc. will issue most of its new credit cards with MasterCard, and two top Citigroup executives, including a co-chairman, John Reed, have quit the Visa International board as the second-largest U.S. issuer of credit cards begins abandoning its decades-old marketing relationship with Visa. • Sears, Roebuck & Co. will plead guilty to one count of
- bankruptcy fraud and pay a fine of \$60 million to end a two-year criminal investigation into charges that it was trying to illegally collect debts from customers who had declared bankruptcy. • 3Com Corp. bought Smartcode Technologie of France for \$17.5 million in cash to add wireless technology to the
- software that runs 3Com's PalmPilot hand-held computer. Barry Callebaut AG agreed to buy Brazilian cocoa grinder Chadler Industrial da Bahia SA for an undisclosed price.
- Pharmacia & Upjohn Inc.'s operating profit rose 140 percent, to \$938 million, as sales rose 6 percent, to \$6.75 billion, led by 20 percent growth in the United States. Net profit before charges rose 12 percent.
- Federal-Mogui Corp. decided not to pursue a rival bid for Lucas Varity PLC, which has agreed to be acquired by TRW other states might get a break if they

U. S. STOCK MARKET DIARY

Wednesday, Feb. 10

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**U.S. Stock Tables Explained** 

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## America Inc. Looks More Efficient

Latest Productivity Gain, 3.7%, Is the Largest in 3-Year Trend

By Louis Uchitelle

annual rate of 3.7 percent, giving the to raise the productivity rate. United States three years of robust improvement in labor efficiency and suggesting that corporate America efficient after years of trying unsuccessfully to improve.

The newest quarterly number, announced Tuesday by the Labor Department, is the biggest increase in productivity — the amount that a worker produces in an hour on the job - since the first quarter of 1996, when productivity rose by 4.2 percent, inaugurating a three-year period of robust improvement.

Some economists say that computers are finally producing their promised efficiencies. But most experts say that a robust economy and strong demand have forced companies to squeeze more production from their workers, often by running equipment at full capacity.

And chance plays a role. Pro-ductivity is really the dollar value of all merchandise and services produced, divided by the number of of productivity, the final score, or The dollar value is adjusted for in-flation, and changes made by the

Labor Department since 1995 to at an average annual rate of 1.4 permake the consumer price index cent since July 1990, the start of the more accurate have automatically NEW YORK - U.S. productiv- increased the dollar value of merity rose in the fourth quarter at an chandise and services, thus helping

Whatever the reasons for the improvement, the latest productivity numbers are a far cry from docmight have become slightly more umenting the arrival of a new era reminiscent of the 1950s and 1960s, when rapid economic expansion, rising wages and low unemployment coexisted with low inflation.

All those characteristics also coexist today. But temporary factors apparently explain them, and not the 'structural" changes arising from computer technology.

"It is not clear whether we are experiencing a long-lasting structur-al improvement," said Edwin Dean, chief of productivity data at the Labor Department's Bureau of Labor Statistics, "or simply an increase in productivity that could disappear

when the economy slows down."
Yogi Berra's baseball aphorism,
in effect, applies to productivity,
said Robert Gordon, a Northwestern University economist. The game isn't over until it's over. In the case worker hours needed to produce it. rate of improvement, cannot be calculated until a business cycle ends.

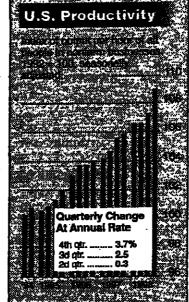
So far, productivity has improved

current business cycle. This compares with an annual increase of 1.1 percent for the entire 1980s cycle. This not-ver-final improvement

of three-tenths of a percentage point from one decade to the next is not to be scoffed at. "It would produce a significant improvement in American lives if it endures for quite a few more years," said Jeffrey Madrick, a journalist and economist who is writing a book on productivity, "but even then it would not be a return to any kind of golden age.'

The productivity number, covering all business except agriculture, is arguably the most important U.S. economic statistic. Only when productivity rises, can incomes and living standards rise. The reason is that productivity measures a worker's success at generating income. A long-distance telephone operator. for example, finds that he or she can handle 100 calls an hour, up from 97 calls, because the phone company has provided better equipment or extra training.

The operator's productivity has risen by more than 3 percent. The extra revenue generated in each hour of work can be used to fatten important, this improvement can



take place without increasing telephone rates. A raise, in effect, is not dissipated in higher prices.

That was commonplace from 1959 to 1973. Productivity for the nonfarm business sector rose at a 2.9 percent annual rate. But then productivity slumped to 1.1 percent from 1973 until 1990. The reasons why have

never been fully understood.

Labor productivity for all of 1998 rose by 2.2 percent. Manufacturing led, with a fourth-quarter increase of profits or raise wages, or both. Most 5.6 percent and for the year as a

Washington may be adding fur-

ther pressure before the policy-mak-

ing meeting Friday of the Bank of

Japan, traders said. Declining yields

would help drive down interest rates

on loans ranging from corporate

unlikely to resort to cutting official

interest rates, already at historic

lows, analysts said. The target

overnight loan rate between banks

was halved to 0.25 percent in

September. The discount rate, at

But the Japanese central bank is

stem the rise.

bonds to mortgages.

## Rate Fears Temper Late Rally-

Bloomberg News

NEW YORK — U.S. stocks were mixed amid concern that the prospect of a Federal Reserve Board interest-rate increase will forestail any rebound from this month's de-

IBM and J.P. Morgan led the Dow Jones industrial average higher in a late-day surge, offsetting a decline in Philip Morris after it lost a court battle against a smoker with cancer.

The Dow average rose 44.28, 8r 0.5 percent, to 9,177.31, after rising

#### U.S. STOCKS

50 and falling 34. The Standard & Poor's 500 Index gained 7.41, or 0.6 percent, to 1,223.55. The Nasdaq Composite Index fell 1.28 to 2,309.51, after suffering its worst loss in four months on Tuesday. -

"There is choppiness in the mar-ket because people fear a Fed tightening" later in the year, said Uri Landesman, a money manager with J.P. Morgan Investment Management. Any rise in interest rates 'won't be soon, but the odds of easing are out the window.'

Short-term traders who study (1) price charts were heartened that the Dow industrials managed to stay above 9,100, which they took aska sign the market would not fall full ther, said Paul Hennessey, head of trading at Boston Partners.
Still the rally wasn't convincing.

given that declining issues led ad vancers by a ratio of 19 to 11 on the Big Board, he said. IBM rose 61/2 to 1681/4 after it

signed a seven-year, \$200 militon contract to install and manage software for the internal computer network of CompUSA, the largest U!\$-computer retailer. J.P. Morgith gained 3 5/16 to 103 13/16 after Ronald Mandle, an analyst with Sanford C. Bernstein Co., said bank stocks could rise as much as 20 percent in 1999. BankAmerica rose 11/4 to 611/4 and Bank of New York climbed 2 to 341/4. Philip Motris dropped 3% to

which it lends money overnight to banks, has been held at 0.5 percent 41¼, dragging other tobacco shares with it, after a court awarded \$1:5 Lower Japanese rates weaken the million in damages to a California smoker with inoperable cancer. RJR Nabisco Holdings and UST also dropped.

Bonds rose, with the benchmark 30-year Treasury issue gaining

SAO PAULO - Brazil said Wednesday it would help a state pay off its foreign debt to try to limit the damage to its credibility among

The federal government said it had signed a decree opening an un- said Keisuke Aso, manager of forusual credit line of 300 million reals (\$155 million) to guarantee the payment of \$108 million in Eurobonds that Minas Gerais state declared it could not pay.

global investors.

The move was the government's latest bid to appease world investors who fear that if Brazil's currency crisis worsens, it could hurl the rest of Latin America into recession. said the measure was needed to pre-

ception of Brazilian risk. The government move to cover yields. the state's debts could indicate that AP, Bloomherg, APP, Reuters, NYT pressed hard enough, analysts said.

Wednesday, Feb. 10

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vent a worsening in investors' per-

### Brazil Grants Yen Falls on Talk of U.S. Pressure

NEW YORK — The dollar rose gainst the yen Wednesday on speculation that the United States will pressure Japan to curb rising bond yields, a move that could bolster Japanese growth but weaken the yen.
"The pressure from overseas will

in long-term bond yields."

yen on Tuesday. In other trading, the euro rose

expand its money supply, arguing buy government bonds either in the such growth would limit the rise in secondary market or at issuance to the yield of Japanese long-term bonds. Lower interest rates could then offset spending programs. The advice echoes recent calls from the U.S. Treasury secretary, Robert Ru-

#### FOREIGN EXCHANGE

bin, for Japan to use "all possible policy tools" to revive growth. "Japan's economic situation is serious, and addressing it requires the government of Japan to use all the macroeconomic tools at its disposal," said a Treasury spokeswoman at the U.S. Embassy in

The U.S. Treasury has not prosince September 1995. posed that the Bank of Japan underwrite Japanese government bond

Because the tripling in benchmark bond yields since October The euro rose to \$1.1335 from could plunge the nation deeper into

## AIRLINE: Judge's Order

Continued from Page 11

American says that immediately promoting the Reno pilots would cost it \$40 million to \$50 million. Instead, it is pledging would cost it \$40 million to \$50 million. Instead, it is pledging to raise their status and pay gradually over 12 to 18 months:

Although the purchase of Reno is the source of this dispute, ill will between the pilots and the company has been festering for years. In the early 1990s, in an attempt to stem losses, American Airlines closed three hubs and furloughed 610 pilots, while at the same time leasing its empty airport gates to Reno Air and Midway Airlines Inc. and selling frequent-flier miles on the smaller carriers. American rilots says the receive and the says the receiver and selling frequent-flier. miles on the smaller carriers. American pilots saw the move as a way to shift work to their lower-paid counterparts at the

smaller airlines.

"I think that this is a confrontation that has its roots in things that have happened in the past," said Holly Hegeman, an airline analyst for PlaneBusiness. She added that she believed Don Carty, AMR's chairman

and chief executive, seriously underestimated the lingering

and chief executive, seriously unreasonated the importing anger among pilots.

Mr. Carty said the "dysfunctional" relationship between management and pilots is not one that he is proud of. "I don't know the answer," he said, adding, "We're going to keep plugging at it."

Wall Street analysts estimate that the slowdown costs American \$1.2 million for every 100 flights canceled. AMR stock closed Wednesday at \$56, down 50 cents(Reuters, AE)

#### ■ EU and U.S. Clash Over Aircraft Noise Proposals 🖏 pean Union proposal for new standards aimed at reducing aircraft noise and pollution cansed by fuel emissions. The posal has angered the United States, which claims the pro-posed new rules on plane engines would discriminate against U.S. companies and ignore existing international rules on aircraft noise pollution levels. 92.50 93.00 +1.25 12.756 92.25 94.00 +1.50 31,631 95.00 95.50 +1.00 17,694 97.50 97.75 +1.00 9,952 INTEREST RATES Government Debt <del>\_\_</del> United S Yield Price 3-ments 4,49 4,39 1<del>6 year</del> 4.93 98-19 Money Market Rates Discount reta Prime ruja Federal funda 4% 4% 4% 490 479 <u>Japan</u> Discom 1- 2- 6- 12-5 month stensh menth menth 4.935 5.00 5.0003 5.1359 5.6116 5.51 5.3819 5.7996 0.3695 0.4488 0.45 0.462-1.1767 1.235 1.315 1.445 Reviews. Doller Euro Storling Yon Sw Franc 3.00 N.A. 3.15 3.11 3.05 3.04 Forward Rates Gold Fixings 40-day 1,4282 1,4923

## Credit to State

be a matter for Japan to consider,' eign exchange at Bank of Tokyo-Mitsubishi. "It could lead to a compromise that would bring rates down. The problem for Japan's economy is the rapidity of the move

The dollar was quoted in late trad-ing at 114.450 yen, up from 114.125

Finance Minister Pedro Malan against the dollar and the yen as traders said they saw it as an attractive alternative amid falling U.S. stocks and declining Japanese

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yen by reducing the returns on yen-denominated investments. Increasing the money supply also would weaken the yen. The dollar fell to 1.4085 Swiss recession, Japanese legislators have francs from 1.4178 francs, while the 31/32 to 98 7/32, pushing the yield Washington is urging Tokyo to suggested that the Bank of Japan pound fell to \$1.6270 from \$1.6375: 15.5.37 percent from 5.30 percent.

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**EUROPE** 

Japan paid \$500 million for a com-

bined one-seventh interest in the

Kashagan consortium. The other

consortium members are Agip SpA

of Italy, BG POC of Britain, British

Petroleum Co. Ltd., Mobil Corp. of

the United States, Royal Dutch/Shell Group, Statoil Norge United States,

A/S of Norway and Total SA of

tial offshore project, a successful

well at Kashagan, with flow rates

even close to what have been an-

The consortium plans to drill its

"As Kazakhstan's biggest poten-

## A Field of Dreams in Caspian Sea

Reservoir May, or May Not, Prove to Be a Major Source of Oil

By Steve LeVine New York Times Service

ALMATY, Kazakhstan - A single field has captivated the industry. Situated 40 miles (64 kilometers) offshore in the Caspian Sea, it is called Kashagan. This spring, a foreign consortium plans to drill the first test well. But already, insiders with access to a private, \$300 million seismic survey, are suggesting that Kashagan is among the world's largest pools of oil.

Much is at stake. If Kashagan proves to be big, the Caspian would be confirmed as one of the world's great oil regions. In addition, the sea would justify a \$4 billion pipeline that the White House - seeking to support the independence of Central Asian republics from Russia and Iran — has urged oil companies to build to the Mediterranean Sea.

" Still, there is reason to be wary. Kashagan is an enormous structure but it could be empty," said Chris Innes, a manager of the ninecompany consortium exploring the field. "If it is empty, then talk of pipelines becomes fairy tales." When the Soviet Union collapsed in 1991, the Caspian became the

greatest bope in global oil. On the

Russia Is Told

-MOSCOW — Deputy Finance

Minister Mikhail Kasyanov said

Wednesday that the International

Monetary Fund wanted Russia to

double its tax collection immedi-

ately, a demand that Moscow was

... Mr. Kasyanov, after meeting the

Italian foreign trade minister, Piero

Fassino, also said Russia was ex-

pected to reschedule its debts and

carry out a wide range of reforms.

egues of the federal budget should

be 17 percent to 18 percent of GDP," Mr. Kasyanov said.

sures so that from tomorrow mom-

"The IMF considers that the rev-

That is, Russia must take mea-

said to find unrealistic.

western side, in Azerbaijan, foreign Phillips Petroleum Co. and Inpex of oilmen went to work on existing fields. Here in Kazakhstan, Chevron Corp. and Mobil Corp. became partners in the region's biggest proven oil field — Tengiz, with a minimum of 6 billion barrels of recoverable

Yet the big new finds expected with the introduction of Western technology have been elusive. And, as world oil prices have plunged to their lowest levels in 25 years, a crisis of confidence has descended

on much of the region. Against this background, Kashagan has cheered oilmen, geologists and local leaders. The reason is geology.

geological basin as Tengiz and is about the same age, 300 million years old. And Kashagan is nearly three times the size of Tengiz, one of the world's 10 largest oil fields.

All along, though, geologists have warned that the details can all appear favorable but amount to nothing once drilling is completed. Yet interest has remained intense. One sign came in September miles (3.68 kilometers).

BONN — Germany's trade sur-

drop-off in exports, signaling con-

timied weakness in the economy and

possible negative growth in the

Trade numbers released Wednes-

day come on the heels of weak in-

dustrial data earlier this week that

deepened uncertainty about when

the economy would bounce back

Germany's trade surplus slipped

billion) in December, compared to

15.3 billion DM in November, far

Figures released Monday showed

industrial output was flat in Decem-

ber from a 2.1 percent fall in the

to 5.6 billion Deutsche marks (\$3.23 cellor Gerhard Schroeder.

from its autumn slump.

below most forecasts.

fourth quarter, economists said.

ticipated, will mean as much for the future development of this country and region as the 1968 discovery of oil at Prudhoe Bay meant for A reservoir covered by a Alaska," said Bruce Kososki, man-massively thick salt dome, aging director of Golden Eagle Part-Kashagan is situated in the same ners, a local oil consulting com-

ern Caspian begins to break up, some time in April or May. It has selected a spot near Kashagan's eastern edge where, according to the seismic study, an oil strike looks most likely. To get to it, workers must drill down roughly 2.3 when, amid the industry slump,

A second test well

nomic growth prospects.

growth in 1999.

of its forecast of 2 percent economic

German Chambers of Commerce

and Industry, also said an escalating

pay dispute in the metal and en-

Mr. Stihl's remarks Wednesday

came as the cabinet reviewed

amended legislation to cut taxes by a

The tax reform envisages cutting

corporation tax to 35 percent from a

main rate of 45 percent now, but

net 15 billion DM through 2002.

Hans-Peter Stihl, president of the



Kashagan's western edge, deemed the second most likely to be productive - will follow. "Then we'll know if it's a commercial find," said Nicholas Wood, a consortium

Especially anxious to know the outcome is the Clinton administra-tion, whose stalled Caspian initiative seeks to establish a new political balance in a region long dominated by Moscow, one where the United States has had little influ-

first well when the ice in the north-The centerniece of the initiative is the proposed 1,087-mile (1,739-kilometer) pipeline from Baku, the capital of Azerbaijan, to a Turkish port, Ceyhan, on the Mediterranean. The system would also serve Kazakhstan and Turkmenistan, which would be linked to Baku through undersea pipelines

ness lobby said the government's Mr. Schroeder told the newspaper "chaotic" approach to tax reform Sneddentsche Zeitung that his govplus narrowed in December amid a was hurting investment and eco-ernment would think again about scrapping certain tax breaks on He said that if Bonn did not imwhich businesses with large inven-

> stores, rely Mr. Stihl also accused the IG Metall union of wrecking efforts to fight unemployment with token strikes in support of its 6.5 percent

pay claim. gineering sector could derail a roundtable on jobs called by Chan-Mr. Schroeder, a Social Democrat who has made job creation his top priority, held a first round of talks in December to seek a consensus between employers and unions on how to cut Germany's 11.5 percent jobless rate. A second round is scheduled for

current climate of industrial unrest. provider in Italy.

Montreal

Paris

### Sales Push **Cuts Profit** At BSkyB

LONDON - British Sky Broadcasting Group PLC, Britain's largest pay-television company, said Wednesday that profit fell in its first half

and cited the costs of luring customers to its new digital service. But sales for the digital service in the latest quarter beat forecasts, helping to drive up BSkvB's share price.

BSkyB said its pretax profit fell by more than half, to £53.2 million (\$87.1 million) in the half-year that ended Dec. 31 from £128.6 million a year earlier because of beavy digital TV start-up costs. BSkyB's sales rose percent in the second quarter to £401.3 million, while operating costs rose 28 percent to £364.7 million.

Programming expenses rose 12 percent to £366.7 million as BSkyB purchased new content in all major genres and generally strengthened its schedules for digital.

Marketing costs rose 30 percent in the period, to £110.7 million, and subscriber-management expenses rose 53 percent, to £72.7 million. The profit drop, widely expected

by analysts, was overshadowed by the rise in Sky Digital customers. The company said it signed up 350,000 digital subscribers between Oct. 1 and Jan. 31, of whom 120,000 were new to satellite television. BSkyB's shares closed up 15 per-

cent, rising 62 pence to 474 pence. (Bloomberg, Reuters) ■ No Deal With Canal Plus

prove its policies, it would fall short tories, like bookshops or clothing The chairman of News Corp. Europe said Wednesday that reports of a secret deal with French rival could not be true, Reuters reported from Rome.

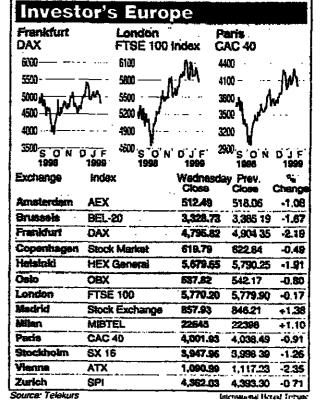
Letizia Moratti said after addressing a parliamentary hearing on antitrust law that what she had heard of the purported deal "would be in clear violation of European antitrust laws." Newspapers reported Wednesday

that News Corp. had held secret Feb. 25, but Mr. Stihl said he could not see the talks going ahead in the Telepin unit is the No. 1 pay-TV

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42.75 44.00 38.25 38.15 48.45 42.00 7.40 27.35 32.25 32.45 72.40 33.45 71.75 27.75 30.90 31.45 31.40



#### Very briefly:

• The European Parliament voted to significantly strengthen legislation on on-line piracy and gave its full backing to artists concerned by the spread of digital media such as the Internet. The measures, which include tougher rules on copies made for personal use, teaching and research, now go to national governments for enactment into law. Credit Agricole is interested in buying the state-owned bank

Credit Lyonnais, which is to be privatized in the first half of this year, said its managing director, Lucien Douroux. • Eesti Telekom, the national phone company of Estonia, sold

a 49 percent stake to the public, raising 3.06 billion kroon (\$220) million) in the biggest public offering in the Baltic states. Metro AG, Europe's biggest retail company, posted a 4.8

percent increase in adjusted sales in 1998, to 91.7 billion Deutsche marks (\$53.1 billion), but its stock price fell as the results were below some analysts' expectations. Canal Plus SA to carve up the Euro- • United Utilities PLC, a British water and electricity utility. pean pay-TV market between them and National Power PLC, Britain's largest electricity generator, decided against a merger after holding talks to consider

the possibility. • Olympic Airways' managing director, Theodore Tsakirid-is, resigned to make way for new management, which the government hopes will improve the unprofitable state-owned company's performance, Athens News reported, citing the Athens News Agency.

• Remy Cointreau SA, the world's sixth-biggest liquor and wine company, said sales rose 0.9 percent to 5.98 billion francs (\$1.03 billion) in the first nine months as demand for wines and liqueurs offset a decline in cognac sales.

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#### ing we would collect two times previous month. more in taxes." The head of a key German busi- only in stages.

WORLD STOCK MARKETS Wednesday, Feb. 10 Prices in local currencies in euros for EAU countries. Amsterdam PRINTESS CONTROL TO THE PRINTE | 18.00 | 10.00 | 71.25 |
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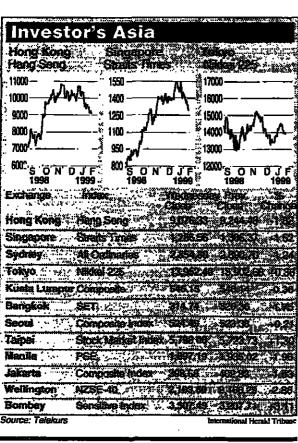
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#### Very briefly:

• The United States and Japan will discuss a pending status report on Japanese trade deregulation at a meeting of their trade representatives in Tokyo in the first week of March, a U.S. trade official said, warning that Japan still had a "significant" amount of work to do to advance deregulation.

• Japanese public-works starts fell 16.7 percent in December from a year earlier, with contractors beginning 1.8 trillion year (\$15.7 billion) of projects as government spending to stimulate the economy slowed ahead of new funding in April, the

Construction Ministry said. • Toyota Motor Corp. said it planned to establish financial subsidiaries this year in Brazil, Poland and Sweden and was considering one in the Czech Republic as part of an effort to increase global sales 20 percent early in the next decade.

. Nissan Motor Co. will sell a 20 percent stake in Ikeda Bussan Co., a maker of car seats and interiors. to NHK Spring Co. for 2 billion yen, the three companies said, a premium of about 28 percent based on Ikeda's closing share price of 86 yen Wednesday.

Renong Bhd., which has debt of about 20 billion ringgit (\$5.3 billion), or 5 percent of Malaysian bank loans, postponed a meeting with creditors, saying it needed government approval on parts of a debt-restructuring plan.

• Sistem Televisyen Malaysia Bhd., or TV3, is seeking to reschedule loans and sell assets to reduce its debt of 521.7

### Kia Union Warns on Job Cuts

SEOUL - Kia Motors Corp. workers shut down the company's operations for five hours on Wednesday, demanding that Hyundai Motor Co., which took over the bankrupt Kia late last year, shelve plans to cut the labor force in half.

The work stoppage may signal a revival of union militancy as South Korea's economy begins to show signs of recovering from its deepest recession in almost 50 years. Labor opposition could hinder efforts by the nation's overgrown industrial groups to downsize and

reduce their crippling debt.
"Workers may think they have found leeway, but this is a very dangerous sign for the economy," said Hwang Sung l'aek, a portfolio manager at IMM Asset Management.

The five-hour shutdown of Kia's three factories, which employ 13,300 people and can make 2,500 cars, small trucks and recreational vehicles a day, cost 5.6 billion won (\$4.8 million) in lost production, said Kim Sam Sung, a Kia spokes-

"This is a warning shot," a union spokesman said. "We will seek cooperation from Hyundai Motor workers and widen the strike unless the manage-

ment accepts our demands. Separately, Hyundai Motor Co., said had it suffered a record loss in 1998 as the nation's severest recession in nearly half a decade undermined domestic demand.

The company suffered a net loss of 33 billion won for the full year, its largest loss since it was founded in 1967. Earnings will be officially

MANILA — Asian economies

have hit bottom, but a strong recovery requires financial reforms, the new head of the Asian Development Bank said Wednesday. 'In order to revitalize the region-

al economy, we have to revitalize the financial sector first," Tadao Chino said.

\*The outlook for 1999 depends on current reform initiatives and the mood of the capital markets," he said. "Restructuring and recapitalization of banks should be high on the priority list."

Mr. Chino, newly elected president of the regional bank based in Manila, said lower capital inflows would rein in growth.

"Sharp reductions in private cap-including technical assistance, ital to Asia will keep the overall policy dialogue and special-pro-

He listed China as among those facing challenges in financial re-

Some foreign economists have estimated bad debts at Chinese banks at \$200 billion, about 20 percent of the country's gross domestic \$5.98 product. But Mr. Chino said there said. was no pressure for China to devalue its currency because of hefty foreign reserves, which he said rose in 1998 to \$145 billion.

He said the ADB would earmark financial restructuring in Asia.

Such aid would take many forms,

the bank would arrange substantial aid to the country "very soon." He also said the ADB would

would include Indonesia and that

The ADB, which is owned by

governments in the region, esti-

\$6.5 billion to \$7.5 billion, up from

\$5.98 billion in 1998, bank officials

to help member countries have ac-

New Head at ADB Says Banks Must Reform supply of foreign exchange to the region well below the pre-crisis make assistance for the purpose of level," he said. "That's the problem" the Miyazawa Fund, set up in response to the Asian currency crisis. The problem is the first the very effective capital markets, and financing for the region in the fund transparent and well-supervised named after its finance minister, banking systems." Mr. Chino said. Kiichi Miyazawa.

Mr. Chino gave the Philippines good marks for its efforts to ride out

mates its total lending in 1999 at regional financial turmoil.

\$6.5 billion to \$7.5 billion up from

The Philippines showed stronger-than-expected resilience in the face of the regionwide crisis, Mr. Chino said that beneficiaries thanks to strong monetary management by the central bank and the

banking sector," he said. Depending on external events; its economy as measured gross domespart of its 1999 loan portfolio for guarantee up to \$3 billion in bonds tic product should grow I percent to \$ 2 percent in 1999 and 5 percent in cess to international financial mar- 2000, he said. The Philippine econ-The ADB guarantee will support 1998.

## Singapore Banks Face Doubling of Bad Loans

double this year to 15 percent of total lending after a deterioration in their financial performance in 1998, Standard & Poor's Corp. warned on Wednesday.

The global credit ratings agency added, however, that the five banking groups in the city-state hit by recession were sturdy enough to weather the Asian financial storm.

Singapore's banks have already seen profits plunge because of a rapid regional economic slowdown and their exposure to countries such as Malaysia and Indonesia, which have been hit hard by financial turmoil since mid-1997.

"As a consequence of Singaregion, Standard & Poor's expects worst-case scenario," Standard & stitutions.

Poor's said.

Compiled by One Staff Frame Disposition

As of September 1998, about 6.6 it would slash by more than 40 personal behavior and staff percent of loans given out by Singacent the size of an equity-linked mand, analysts said.

Singapore's banks could more than pore banks were classified as non-bond issue under which it was to sell

"Investors were not prepared to performing, according to the latest official figures.

It had expected to issue \$1.3 bil
Dut this much money into Asia at one time, 's said Richard Gnodde, one time,' said Richard Gnodde, Separately, Singapore's government investment arm Temasek Holdings Pte. said Wednesday that

Temase expected to issue \$1.5 office co-bead of investment banking in derwritten by Goldman, Sachs & Asia at Goldman Sachs, which arranged the sale. (AFP, Bloomberg)

### Taipei Proposals Aim to Bolster Markets

Agence France-Presse

TAIPEI - The Finance Ministry proposed a package of medium and Under the proposals, foreign in-long-term measures Wednesday to stitutions would be permitted to inproposed a package of medium and

management of listed companies. that the Singapore banking system's expand trading in the stock market, gross problematic assets will peak at and better supervise brokerages, in-10 to 15 percent of total assets in a vestment houses and financial in-

"This medium-long-term plan is The gross problematic assets in- to build a lasting and efficient cap-

Finance Ministry said.

strengthen Taiwan's capital markets crease their stock market investand bolster the flagging economy.

The proposals include laws to allowed to list on the exchange or on ments, holding companies would be would be enacted to encourage mergers and acquisitions of listed companies, and private enterprises involved in major public construction projects would be allowed to raise money in

the financial markets. The proposals followed three

future and to protect investors," the ing stock market and bolster investor confidence.

Those measures eased restrictions on margin fund providers buying into stocks, required listed companies to improve disclosure of information and promised an invespore's own economic slowdown and The proposals include laws to allowed to list on the exchange or on information and promised an inves-recessionary conditions in the Asian protect investors, strengthen the over-the-counter market, laws rigation into stock market specu-

The series of efforts come after Taiwan's economic growth last year slipped to 4.83 percent, the lowest in 15 years. Officials have forecast that growth in 1999 will be an even slower 4.74 percent as the country

announced around Feb. 26. clude nonperforming loans, restruc- ital market mechanism to ensure short-term measures the ministry continues to suffer from the finanmillion ringgit and keep operating. tured loans and foreclosed assets. stable economic development in the adopted Monday to bail out the ail- cial crisis in Asia. February 10, 1999 Advertisement INTERNATIONAL FUNDS To receive free daily quotations for your funds subscribe at: e-funds@ibt.com Katy Houri: Fax (33-1) 41 43 92 12 or e-ma Mignosso-Bahesin, PO 2008, Fs. S2062 11 522350 on ABC Islamic Fund (E.C.) 5 163,10 607 ABM AMRO BANK, P.O. Bet 281, Australian of Colombia Securities Front loc \$ 120.36 INTINEES ASSET MET (HK) LTD long Pest Born Contra 10.001 10.001 11.850 11.850 14.851 14.851 14.851 14.851 15.100 16.100 16 nce Ptil S.A. T. F.E. With refer to the control of GAM Ster Universal EUR Inc.
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By Peter S. Green

International Herald Tribuna

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Depending on external con-5 force, comprehensive if outdated in-Comony as the asing angel dustrial base and ample farmland tic product should grow | propercent in 1999 and 5 per the country of 23 million into a raised and unprofitable mines were reconciled a British company called 2000, he said The Philippine ony contacted us

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Al Tolstoy, president of Mobi-Fon, a Canadian-owned mobile telenhone operator, last month decided to invest a further \$155 million in Romania, expanding networks and

few nervous days last month preparing to evacuate key staff if the miners marched on Bucharest and -pillaged the city center, as they did four times in the early 1990s.

"Romania has a pretty big un-Mr. Tolstoy derground economy, said. "We figure the GDP here could be as much as half under-

tential sales for MobiFon's Connex the Dacia car works, whose cheap network

BUCHAREST — Romania may Despite official average salaries be reeling from a violent weeklong of about \$149 a month, Connex has AG and Fiat SpA. miner's strike and teetering on the signed up 330,000 Romanians , brink of default, but despite the bad news, some investors have been put- from \$50 to \$60 a month. ting money into the country's

"Growth is 210 percent year on year in mobile phones," Mr. Tol-. They bet that eventually Rostoy said, "and we've only got 2.8 mania's highly educated work percent penetration."

Mr. Tolstoy is not alone in his enthusiasm. On the day that 10,000 - and raw materials - including a coal miners threatened to march on recent offshore oil find — will turn Bucharest unless their pay was reopened, a British company called Allied Deals bought a copper mine and smelter for \$37 million.

Three days later, the Turkish oil company Akmaya paid about \$740 million for Petromidia, one of Romania's largest refineries, re-He did so even after spending a portedly to process Caspian Sea

> "Investors can find some real bargains if they are willing to wade through the uncertainty and have patience and have reliable people on the ground" as managers, said Roger Monson, chief equity strategist at Rabobank in London.

The French automaker Renault

French compete with Volkswagen

And Scania AB, the Swedish on foreign loans this year, whose mobile phone bills average maker of buses and trucks, is in talks to buy the truckmaker Roman and the tractor company Tractorul.

Valentin George, a U.S.-trained investment banker at Bancorex, a soon-to-be privatized Romanian bank, said the opportunities for direct investors in Romania now were widespread.

"There's a fire sale in privat-ization," Mr. George said. "This is the time to buy in Bucharest. Prices are low, and the government is willing to sell." Romania's consumer market has

attracted others besides Connex. Last week, the U.S.-based Atomic Media Group inaugurated a \$5 million-plus Romanian music-television channel that now reaches 750,000 homes, and Coca-Cola Beverages PLC spent £15 million (\$24.6 million) on two bottling plants purchased from a local com-

Despite the confidence these investors have shown, reforms are far behind schedule.

proved an austerity program that it money to help cushion the blow for skilled workers could help the hopes will bring new credits this workers who lose jobs. month from the International Monstary Fund to meet \$2.8 billion due Mr. Monson said of government

> "The risk of a serious financial crisis in Romania this year is high," analysts at Credit Suisse First Boston wrote in a recent report.

The Romanian currency, the leu, has fallen 12 percent against the more. U.S. dollar since Jan. 1. The economy, which contracted

5.5 percent last year after a 6.6 percent decline in 1997, is expected to sake the black market for "a real shrink 2 percent more this year. Industrial production fell about 20 percent last year.

seen as possible this year, and fore- enough." casters say that unemployment will

hit 12 percent. Some key companies have been privatized. Societe Generale SA of France recently acquired the Romanian Development Bank, and Hellenic Telecommunications Organization, the Greek telephone company known as OTE, bought control of RomTelecom.

on a list of 149 unprofitable state-owned enterprises that the IMF says money."

Investors Look Beyond Romania's Economic Troubles

"They have done some things," economic steps, "but investors have meanwhile raised their standards of acceptance after giving the benefit of the doubt to Russia and getting

Prime Minister Radu Vasile says he knows that Romania, he told Parliament last weekend, must for-

badly burned. Basically, good

enough isn't good enough any

market economy."

""" said "Wealth amassed overnight, fiscal evasion and a par-An inflation rate of 30 percent is allel economy have cost

> Those words and steps recently taken, some international lenders and investors say, are a start.

"I think in the last four months. the current government has taken some very concrete efforts to reverse the start-and-stop pattern of past reforms." said Andrew Vorkink of the World Bank. "But a past reforms."

number of actions still need to be But little headway has been made taken before the international com-

#### Very briefly:

 The European Parliament voted against exempting Eurostated." That translates into vast po- SA is in talks about the purchase of Last weekend, the Parliament ap- must be closed, and there is little bonds from a proposed withholding tax, casting aside British concerns that such action would trigger a flight of capital from the European Union. The parliament in Strasbourg, in a nonbinding vote, backed the proposed 20 percent levy on interest earned in one EU country by residents of another.

• U.S. mutual funds saw individual investors pull out \$1 billion in the week that ended Monday, said Trimtabs.com, a research company in Santa Rosa, California.

 Videsh Sanchar Nigam Ltd.'s sale of global depository receipts - equal to half a regular share - was oversubscribed, according to Credit Suisse First Boston and Salomon Smith Barney Inc., coordinators of the sale of part of the Indian government stake in the only international phone company in the country.

 Singapore halved its sale of Development Bank of Singapore Ltd. bonds because it couldn't find enough buyers, bankers said. In Taiwan, Delta Electronics Inc. — a company involved in one of the world's fastest-growing industries had the same problem and cut its sale by a quarter.

 Bangkok Bank PLC plans to sell 10 billion baht to 20 billion baht (\$271 million to \$542 million) of equity-linked bonds in the first half of the year to raise capital to offset loan defaults. Industrial Bank of Japan Ltd, will self about 150 billion yen (\$1.3 billion) of preferred securities as Japan's largest lenders scramble to replace capital drained by write-offs of bad loans and losses on securities.

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vestor confidence Those measures exed a tions on margin fund provided wild myest- me into stocks, required nies would be companies to approve dische information and promied as tigation into the k market a lation

#### Continued from Page 11

conduct transactions or open accounts. The new Schwab plans to stock as well as customers who trade expand those centers and build at shares. That is a role that Schwab rleast 200 new ones to form what Mr. has often criticized as leading to Pottruck calls the "social fabric" of conflicts of interest. investing. They will hold seminars and training sessions. A client who bests up a child's trust, say, might get Ican e-mail invitation to a live dis--- cussion on custody accounts and

Lestate planning.
The way Barnes & Noble 15 should compete with Amazon.com is not to offer books at lower prices, gibut to create links between on-line indeed local services," Mr. Pottruck to some hot initial public offerings. asaid. "How do you tie the two torgether and build relationships? That's the next phase on the Internet business.

Schwab is also moving the line in

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Advertisement

Street investment banks, which typically work for companies that sell

Schwab still does not underwrite securities on its own, avoiding becoming an investment banker for companies. But it has agreed to join investment banks that act as lead underwriters in offering Schwab customers a chance to buy new issues, recognizing that it cannot compete across the board with the big brokerages without giving customers access

Perhaps the biggest initiative is its

Kety Houri: Fax (33-1) 41 43 92 12 or e-mail: funds@int.com

SCHWAB: While Its Rivals Struggle With the Internet, the Brokerage Dominates On-Line Trading the sand between itself and Wall team of perhaps eight designated money to professionals who invest consultants to help manage their for them through Schwab. portfolios.

And though the company does not plan to advertise it, the wealthhave a single broker monitor their own money and get the help they investments.

Much of this high-end push is part move Merrill from the top of the hierarchy of retail investing. Schwab acknowledges that the people it loses to full-service firms tend to be the wealthiest clients, who say that they have graduated from Schwab's do-it-yourself ethic to a full-service broker.

Part of the answer is Schwab's 'signature services.' The plan is to network of fee-based investment adretain more wealthy customers, es- visers. Through these 400 advisers pecially those with more than so far, the firm refers customers who \$500,000 in assets. Many will get a do not want to manage their own

But for those who do not want to rely on advisers, Schwab's latest initiative is to convince wealthy cusiest, if they choose, will be able to tomers that they can control their

Merrill, whose nearly \$1.5 trillion of Schwab's unstated goal to re- in customer assets is about triple firms in coming months, even what clients invest through Schwab. intends to be a major player on-line from their brokers not to jure clients as well as in its traditional brokerage on-line. Moreover, 20 or so low-cost business, said Jim Wiggins, a on-line trading companies are nipspokesman.

"We have over 400,000 clients with \$300 billion in household assets who already use Merrill on-line to actively manage their accounts, and we are just scratching the sur-

face," Mr. Wiggins said. Lynch won't be using the Internet to longer unusual.

INTERNATIONAL FUNDS

magnify the value we deliver to clients is making a major miscalcu-

lation. In fact, Schwab still often acts like an underdog, perhaps because some of its good fortune could easily be short-lived.

Schwab will face more competition from full-service brokerage though many of them face pressures ping at Schwab's heels.

Julio Gomez of Gomez Advisors Inc., an internet consultancy that rates on-line trading firms, ranks Schwab's Web service as No. 8 out of 20, in part because its \$29.95 fee for each trade is at the top end of an "Anyone who thinks that Merrill industry where \$8 trades are no

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#### NOTICE TO THE UNITHOLDERS **SKANDIFOND FAR EAST**

Resistered Office

16. Boulevard Royal 1-2449 LUVEMBOURG

SKANDIFOND FAR EAST

MANAGEMENT REGULATIONS (modifications taking effect on March 15, 1999) Referring to the version dated July 1st, 1998, the following modifications have been brought about

**ARTICLE 13 - MANAGEMENT FEE** 

New version:

The Management Company is entitled to a commiss

annual rate of 1.75%, based on the net assets of each Sule Fund. A twelfth of this rate being payable at the end of each month and based on the net assets of each Sub-Lund of the last valuation of the respective month.

Luxembourg, 8 February, 1999.

The unitholders of the SKANDIFOND FAR EAST have the possibility either to redeem their units at net asset value or to which their units to any other Sub-Fund of the Luxembourgish S-E-BANKEN FUND and/or any other Sub-Fund of the various Luxembourg SKANDIFONDS without any expenses during a one

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## Herald Cribune SPORTS

#### World Roundup

#### Moya Ousts Muster

TEMMS Second seed Carlos Moya of Spain defeated Thomas Muster of Austria, 6-4, 6-4, on Wednesday to reach the third round of the \$1 million Dubai Open.

Meanwhile, Francisco Clavet of Spain, surprised fourth seed Greg Rusedski of Britain, 3-6, 7-5, 6-2. Earlier, Felix Mantilla beat Byron Black of Zimbabwe, 7-6 (7-1), 6-3, and a fellow Spaniard, Albert Costa, lost to Nicolas Kiefer

of Germany, 6-3, 7-6 (7-3). Mantilla, the No. 7 seed, stayed on course for a second successive appearance in the Dubai final, looking to erase the memory of his loss last year to Alex Corretja, who was upset Tuesday by Andrew Ilie of

Mantilla trailed 0-2 and needed more than one hour to win the first set before winning the second set with relative ease.

Costa, the sixth seed, was well below form, and the German dominated the first set. In the second, the Spaniard trailed 0-4 before breaking the 21-year-old Kiefer to level the match and take it to a

#### Yugoslavia and Cyprus Win

**SOCCER** Yugoslavia and Cyprus scored comfortable victories on Wednesday to boost their chances of qualifying for the finals of the 2000 European Championships.

Yugoslavia cruised to a 3-0 triumph over Malta in a European Championship Group Eight qualifying match in Valetta, Malta The victory lifted the Yugoslavs into the lead of the group.

Cyprus, the surprise pacesetters in Group Six, downed San Marino 4-0 in Limassol, Cyprus, for their third victory in four qualifying matches. (AFP)

#### Sampras Returns Strong

TENNIS Even Pete Sampras was surprised at how easy it was to come back from a 10-week break. Sampras, who had not played since Nov. 28, had 11 aces — at least one in each of his service games — in a 6-4, 6-4 victory over Galo Blanco that took one hour

Tuesday in the first round of the

Sybase Open in San Jose, Cali-

## Report Widens Scope Of Olympic Misdeeds

U.S. Committee Is Implicated for First Time

SALT LAKE CITY — The U.S. bridges. Olympic Committee was linked for the first time to possible corruption, and 10 more International Olympic Committee that it was part of any quid pro quo.

"We were committed to help Salt Lake's bid, and to the extent that finding places at our training center for qualified. extravagant gifts as part of a widening bribery scandal.

The 300-page report issued Tuesday dan's IOC member to vote for it, we by an ethics panel of the Salt Lake Or- were pleased to do so," said Mike Morganizing Committee provided the first an, a USOC spokesman. detailed glimpse of the way 24 members "That was proper," he said. "But we - roughly one-fifth of the membership were involved.

\$1 million in cash payments, scholarships, shopping sprees, vacations and medical expenses doled out as Salt Lake

City bid for the 2002 Winter Games. The extremes to which bid executives obliged, sharing an additional \$1 million

in donated air fares, hotel rooms and shopping with committee members, were unethical, the panel concluded.
Four IOC members have resigned and five have been expelled so far, and the IOC indicated Wednesday it was pre-

pared to consider expelling more. "The IOC remains fully committed to investigating and taking action based on all available evidence," the committee said from its headquarters in Lausanne,

Switzerland. The ethics panel's report demonstrated that senior staff members of the U.S. Olympic Committee seemed willing to curry favor with Sudan, whose athletes were being trained in the United States with Salt Lake City money.

The report cited the USOC's involvement by detailing a November 1995 email exchange among three USOC staff directors. It contained repeated references to an agreement to help train Sudanese athletes at USOC facilities as part of Salt Lake City's campaign.

"A lot of promises were made to rector for international relations.

When Jim Page, the USOC's deputy executive director for programs, balked at picking up Salt Lake's portion of the geria. training cost after the city was awarded the 2002 Games, Tom Wilkinson, then the assistant executive director, said it had to be paid because "a deal is a deal and Sudan delivered."

"May need Sudan again in future,"

Wilkinson wrote. "Don't burn

places at our training center for qualified athletes might have helped convince Su-

of the International Olympic Committee did not take part in any effort to buy his

Among the 10 newly implicated IOC The report said there were more than members, Phillip Coles of Australia and million in cash payments, scholar-Willi Kaltschmitt of Guatemala appear to have benefited substantially. The report said "some IOC members treated their site visits more like vacations." and then discussed the cases of Coles and Kaltschmitt.

"The Coles and Kaltschmitt families stayed at expensive hotels," the report said. "Two of these trips were only four months apart in 1995, including a Super Bowl trip that does not appear to have included a visit to Salt Lake City."

The \$19,991 tab for the Super Bowl was picked up by the Salt Lake bid committee and its president, Tom Welch - one of the two men, along with David Johnson, his vice president — that the ethics panel chiefly blamed for the pandering.

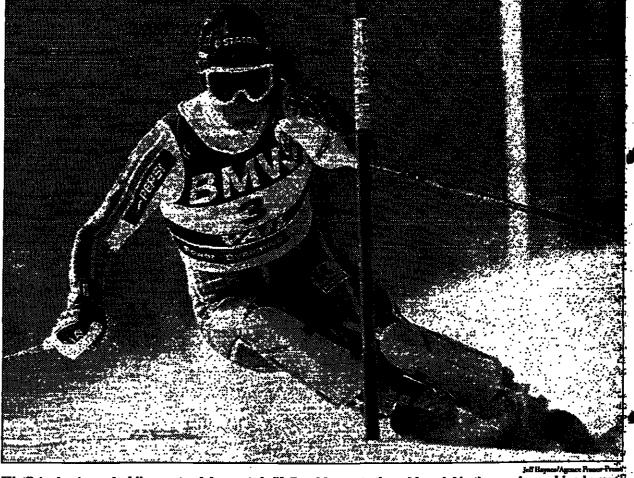
Coles, although he has denied any

wrongdoing, stepped down Wednesday from Sydney's organizing committee board for the 2000 Summer Olympics, pending an IOC inquiry.

Austin Sealy of Barbados, another of the 10 newly named IOC members, received payments through a company af- Championships. filiated with a consultant, according to bid records that the panel reviewed.

The others newly implicated, according to the report, were Major General Henry Edmund Oluferni Adefope of Nisecure votes," wrote Alfredo La Mont, geria, Ashwini Kumar of India, Shag-who, at the time, was the USOC's di-darjav Magvan of Mongolia, Anani Matthia of Togo, Rampaul Ruhee of Mauritius, Siuli Paul Wallwork of Western Samoa and Mohammed Zerguini of Al-

In yet another setback for Olympic leaders, a major sponsor, John Hancock Insurance, said Wednesday it was canceling negotiations with NBC for \$20 million in ads to protest the IOC's failure ing so well this year, and Freel fortunate



Kjetil Andre Aamodt skiing past a slalom gate in Vail on his way to the gold medal in the men's combined event

### 2 Norwegian Skiers Clean Up, as Usual

The Associated Press

Kjus, 28, agreed. "Kjetil is such a medals in a career, with 13. Kjus is not.

VAIL, Colorado — Asmodt and marvelous skier," he said. "He mo- far behind, with 11.

Kjus. Kjus and Aamodt.
The two Norwegian stars have become as inseparable as salmon and boiled potatoes at the World Alpine Ski Kjetil Andre Aamodt and Lasse Kjus

finished 1-2 on Tuesday in the men's and Kjus his third. They feed off each other's accom- Maier. plishments and have been for more than

Lasse and I motivate each other by having good results," said Aamodt, 27. When he's not at the start, I don't feel

like racing either. "T've been skiing against him since I was 6 years old, and he's the skier I measure myself against. He's been do-

tivates me and helps me to ski faster. We're a positive influence on each oth-

It's the second time in these championships that Aamodt and Kjus have joined each other on the podium. Kjus was second in Saturday's downhill, becombined event, giving Aamodt his hind Austria's Hermann Maier, and second medal at these championships Aamodt was third. Last Tuesday, Kjus shared the super-G gold medal with

> True to their symbiotic relationship, the Norwegians have dominated the two combined events on the World Cup circuit this season. Kjus was first and Aamodt second in a combined in Wenan, Switzerland, on Jan. 17. A week later, Aarnodt was first and Kjus second in Kitzbuhel, Austria.

With his second medal, Aamodt tied Marc Girardelli's record for the most after the first slalom run held their poworld championship and Olympic sitions in the second run.

In this event, the combined times of a downhill and two slalom runs determine the combined champion.

Asmodt, gold medalist in combined at the last world championships in 1997 in Sestrieres, Italy, led Kjus by .40 seconds entering the second heat of the slalom. Kjus had the second-fastest time in the second run of 45.12 seconds, giving him

a combined time of 2 minutes, 43.25 seconds and putting pressure on his teammate, who skied next. But Asmodt was up to the challenge. Early in his run, he lost a few hundredths of his advantage, but he punched out gates in a mad rush to the bottom, finishing in 45.36 for a total time of

Switzerland's Paul Accola took the bronze medal as the top seven racers

#### SCOREBOARD

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U.S. COLLEGE SCORES TUESDAY RESULTS Men

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WORLD CHAMPION VAIL, COLO. WEEL'S GOT DOWNSELL AND SLALON EVE

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### TRANSITIONS

NATIONAL POOTBALL LEAGUE Players selected by the Claveland Browns Twester in the expansion draft: Jim Pyne, c. Defroit 2. Hurvin McCor de, Dallas; 1. Scatt Reinberg, ot, New England; 4. Damon Gibson, wr. Cincinnalit 5. Steve Gordon, c. San Francisco; 6. Tarek Steve Gardon, C. Sun Princesco; G. June Solieh, B., Carollina; 7. Jeff Bucidey, g., Miany B. Jason Kyle, Ib. Seafile; 9. Rod Manuel, de Pittsburgh: 10. Lenoy Jones, Ib., Tennesse 11. Tim McTyer, ch., Philadelphia: 12. E Alexander. Ib. Indianopolis; son, at. Konsas City; 14. Gen San Diego; 15. Marton Forbes, a, Calcago; 16, Justin Amour, wr. Denver; 17. Poul Wiggirs, ot. Washington; 18. Duane Butler, s, Min-resoltz; 19. Fred Brock, wr. Artzona; 20. Kory Blockwell, cb, N.Y. Glords; 21. Keyln Dev

ch, Jacksonville; 22. Ray Jockson, ch, Buli foto; 23. Jim Bundren, g, N.Y. Jels; 24. Bell Cavil. g. Bulifunore; 25. Michael Biotr. rbi Green Boy: 26. Antonio Anderson, dt. Dollos 27. Orlando Bobo, db. Minnesofa; 28. James Williams, B. San Francisco; 29. Scott Mi anovich, qt. Tampa Bay: 30. Eric Stokes 5. Seatlle: 31. Ronald Moore, rt., Miamir IZ. Clorence Williams, rt., Buffalo: 33. Freddie Solotton, wr. Philodelphu; 34. Brandon-Sanders, s. N.Y. Giants; 35. Mike Thompson, nl. Circinnoti: 36. Jenis McPholl, rb. Defroit 37. Antonio I carden, db. San Ermented 37. Antonic Langham, db, San Francisco.

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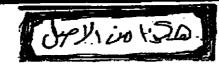
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Celtics Wilt the Heat After 3-Year Drought

help the Boston Celtics beat the weary, a sellout crowd at the United Center. mjury-depleted Miami Heat for the first time in three years, 108-101.

Walker, scoring from the point and the paint, shot 12-for-27 and had 10 rebounds Tuesday night in Miami. Kenny Anderson scored 22 points and

#### NBA ROUNDUP

rookie Paul Pierce added 19, including three key baskets in the final 41/2 minutes to stymie Miami's comeback bid. The Celtics had lost nine in a row to the Heat since beating them Feb. 3, 1996 in Miami. The Heat completed the first stretch of three games in three nights in

franchise history. 76ers 90, Pietons 86 Theo Ratliff had 10 points, nine rebounds and five of Philadelphia's season-high 13 blocks as the host 76ers beat Detroit in a matchup

Grant Hill, coming off a career-high 46 points, scored 32 points on 11-for-18 shooting in the Pistons' third game in as

many nights. Bucks 91, Raptore 77 Ray Allen scored 17 points, and survived a hard fall alongside Charles Oakley as Milwankee spoiled Toronto's home opener at his-

foric Maple Leaf Gardens. Allen, who left the game in the third with a sore back, came back in the fourth and hit two free throws to spark an 11-0 run that sealed the game.

Timberwoives 74, Spors 70 In an ugly example of the type of post-lockout bas-ketball the NBA feared, Minnesota survived poor shooting nights from Stephon Marbury and Kevin Garnett to defeat visiting San Antonio.

. The Wolves hit only five shots in the final 8:49, and the Spurs made only two

New York Times Service

the controversial player whom the

New York Knicks risked their image

three to six weeks because of a stress

shortened 50-game season, if he is out

fracture of the right heel.

for six weeks.

NEW YORK — Latrell Sprewell,

Harks 87, Bulls 71 Steve Smith scored points.

The Associated Press 30 points, and the Hawks pulled away in the fourth quarter to beat the Bulls before

The Bulls, with only seven players from last year's championship team left on the roster, scrapped and hustled as they had done while splitting their first two road games. But Atlanta's talent won out, and Tom Floyd, Chicago's first-year coach, dropped his home de-

Toni Kukoc, who shot just 6-of-21, and Mark Bryant scored 16 points each to lead the Bulls.

Jazz 90, Mavericks 79 In Dallas, Kari Malone scored 31 points, including seven straight in a fourth-quarter surge, as

Utah won its third straight.

Malone, who scored 21 and 28 points as Utah beat Chicago and the Los Angeles Lakers in its first two games, put the Jazz ahead 76-74 with a basket and 6-27 to a The Low never beaked. and 6:37 to go. The Jazz never looked back against the new-look Mavericks, who played well for three quarters.

Kings 112, Sams 95 Chris Webber had

28 points and 20 rebounds, and rookie Jason Williams scored 22 as Sacramento ended an 11-year, 24-game losing streak

All five starters reached double figures for the Kings, who hadn't won in Phoenix since Jan. 30, 1988. Corliss Williamson added 18 points

for Sacramento. SuperSonice SO, Warriors 71 Gary Payton scored 20 points, and host Seattle improved to 3-0 for the first time since

the 1993-94 season. The Sonics opened up a comfortable lead after one quarter, and the Warriors never cut the deficit to single digits the rest of the way.

Payton played just three quarters as Seattle built a 70-51 lead, and reserves played the fourth period for both teams. John Starks led the Warriors with 12

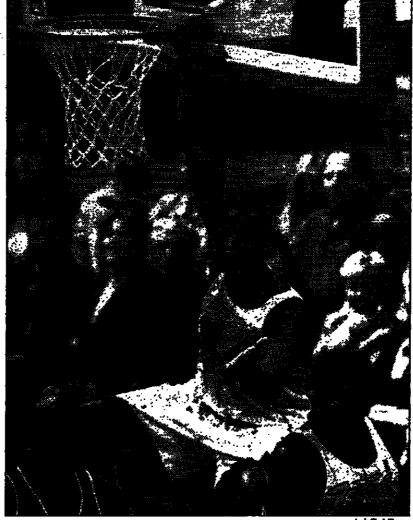
"It is tough because everyone was

excited to see how the talent would mesh," said Dave Checketts, pres-

ident and chief executive officer of

imo, coach of his former team.

Golden State Warriors, in 1997.



John Wallace of the Toronto Raptors reacting to a call against his team.

### 27 Down, Princeton Wins

By Kathy Orton hington Post Service

PHILADELPHIA --- Nearly every season, with astonishing predictability, Penn and Princeton find themselves locked in a battle for first place in the Ivy

League.

Tuesday night, before a deafening capumper from near the pacity crowd of 8,722 at the Palestra, the the front of the rim.

The 96-year-old eams hooked up in one of the most

#### COLLEGE BASKETBALL

memorable games in league history as Princeton produced one of the greatest comebacks the college game has seen. The Tigers came back from a 27-point second-half deficit to win, 50-49, and seize control of the conference race.

and 33-9 at halftime, Princeton (16-4, 7-0 Ivy League) kept alive its 11-game ference tournament, this season series winning streak by outscoring Penn, 41- usually decides who represents the 16. Early in the second half, the Quakers league in the NCAA tournament. led, 40-13. Penn (14-4, 6-1) went scoreless the final three minutes.

The Division I record for largest deficit lost an Ivy game — a 35-0 record.

overcome to win a game is 32, when Duke came back to defeat Tulane in 1950.

With 2 minutes 14 seconds remaining Princeton took its first lead when its freshman center, Chris Young, made a hook shot. Penn (14-4, 6-1), which went scoreless the final three minutes, then had a chance to win, but Matt Langel's jumper from near the right baseline hit

The 96-year-old Penn-Princeton rivalry is like few others in college basketball. No two teams have ever dominated a conference like these two have. Since the 1956-57 season, when Ivy League teams officially began to play basketball against each other, only six times has the champion not been either the Quakers or the Tigers.

And because the Ivy League is one of After trailing, 29-3 late in the first half only two conferences in Division I men's basketball not to have a con-

Since Coach Bill Carmody took over for Pete Carril in 1996, Princeton has not

### **Arnott's Goal: Too Late**

#### Shot Scores After Buzzer as Devils Lose, 4-3

spinning backhander with 8:36 to play and the Vancouver Canucks added to New Jersey's home woes by just barely holding on to beat the Devils, 4-3.

An apparent game-tying goal by Jason Amott was scored a fraction of a second after the final buzzer on Tuesday night. The green light came on and

#### NHL ROUMDUP

referee Stephen Walkom waved off the goal after consulting with replay of-

Dave Gagner, Brad May and Dave Scatchard also scored and Garth Snow had 38 saves in helping the Canucks break a four-game winless streak (0-3-1) and extend the Devils' winless streak at home to four games (0-3-1).

Ken Daneyko, Scott Stevens and Bobby Holik scored for the Devils, with Holik's quick turnaround shot putting the Devils ahead, 3-2. The Devils have a league-best 18-7-1 road record, but are only 11-10-5 at home.

Capitals 2, Islanders 1 Olaf Kolzig stopped 21 shots and Adam Oates and Peter Bondra each scored as the visiting Washington Capitals beat New York for their fifth straight.

Zigmund Palffy scored for the Islanders with 47.4 seconds left, but Kolzig stopped three shots during one flurry to preserve the victory. Kolzig has allowed one goal in each of his last five

valey scored with 29 seconds left in overtime after Kip Miller tied it late in the third period, and the host Pittsburgh Penguins won their seventh in a row by

Jaromir Jagr had a goal and an assist, Todd Bertuzzi scored on a spectacular giving the two-time NHL scoring champion 18 points in his last seven games

and a league-high 77 for the season. Sabres 1, Senators 1 Wayne Primeau scored 2:14 into the third period as the visiting Buffalo Sabres salvaged a tie

with Ottawa. Alexei Yashin, the Ottawa captain, scored his 23d goal at 6:55 of the second period. All four games between the teams this season have reached over-

The Senators have lost only two of their last 20 games (13-2-5).

Red Wings 5, Predators 2 In Nashville. Brendan Shanahan keyed a four-gool second period with a good and an assist as the Detroit Red Wings beat the Pred-

The victory snapped a two-game losing skid for the two-time defending Stanley Cup champions, who had been 1-3-1 over their previous five. The Red Wings got going by scoring three goals off just nine shots within the first eight minutes of the second.

Flames 2, Avalanche 1 In Denver, the Colorado Avalanche's franchise-record 12-game winning streak ended as Theo Fleury and Andrei Nazarov scored to lift the Flames.

Ken Wregget, sidelined by a back injury since Nov. 3, made 28 saves to help the Flames hand Colorado its first loss since a defeat at Detroit on Jan. 9. Bruins 2, Oilers 0 Byron Dafoe made 31 saves for his sixth shutout of the season and the visiting Bruins got two

third-period goals to beat the Edmonton P.J. Axelsson, a right wing, and An-

son Carter, left wing, scored third-period goals for the Bruins, who were outshot 31-27, including 17-4 in the third.

### **New Browns Go With Youth**

The Associated Press

CANTON, Ohio - For nearly three hours, the new Cleveland Browns followed their expansion draft game plan to perfection by selecting young, inexpensive National Footbal League players with potential.
But in the closing seconds, the team

decided it was time to bring back an old name to add to its new roster. "With their 37th and final selec-

tion," said Gene Washington, the league's director of player development, "the Browns select Antonio Langham." And just like that, Langham, a former Brown who was a bust with the San Francisco 49ers, was back in Cleveland.

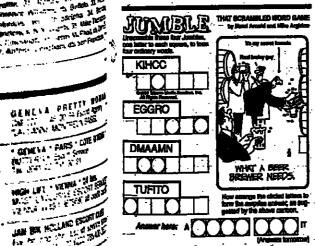
Surrounded by bronzed Hall of Fame busts of Jim Brown, Lou Groza, Milanovich.

Leroy Kelly and other Browns, Cleve-land started building with no-name players on Tuesday in the expansion draft. Priming for their return this season after a three-year absence, Cleve-land selected a Detroit center, Jim Pyne, with its first pick.

Drafting Pyne No. 1 set the tone for a draft in which the Browns spent wisely - only two players have salary cap costs over \$1 million - and loaded up on young offensive linemen and defensive backs. Cleveland used 10 of its 37 picks on defensive backs and 9 on the offensive front.

The Browns also added five linebackers, four running backs, four wide receivers, four defensive lineman, and

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#### **PEANUTS**

Sprewell Out for 3 to 6 Weeks

to acquire in hopes of improving their Madison Square Garden, who took the chances of a championship, will miss public-relations gamble and made the three to six weeks because of a stress deal for Sprewell on Jan. 21.

acture of the right heel.

"Obviously, I'm disappointed,"

What was thought to be just a pre-said Sprewell, who played in just two

cautionary magnetic resonance ima- regular-season games for the Knicks

ging test Tuesday afternoon revealed after sitting out 14 months because of

an injury that could leave the team the strike lockout and his 68-game

without Sprewell for half of the strike- suspension for choking P.I. Carles-



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#### ART BUCHWALD

### Zippity Doodah

going to cut screenwriters in the bookkeeping. on the big money. The reason this is major news is that the motion picture companies Say "My Wild Irish Bourhave never put writers in the bon" turns out to be the

Writers were ignored when the grosses were split up.

Now Columbia (a.k.a. Sony) says it will give name writers up to 2 percent of the gross, besides the money they are paid to write the script

Zippity doo- Buchwald dah. Once the motion picture pays back its costs we will all Royces on clover.

But there's the rub - the phrase "once the costs of the motion picture are re-

Having had a slight experience with trying to collect profits from the movie "Coming to America," I am the next time we'll see a light going to warn all the writers at the end of the tunnel not to get their hopes up.

Almost no motion picture tunnel."

NEW YORK — The big makes money. The greatest blockbusters wind up in the that a movie studio (Columbia) has announced that it is the film — it has to do with

same class as big-time actors biggest hit of the year, gross-and directors.

biggest hit of the year, gross-ing a minimum of \$800 million, with the Tanzanian theaters still waiting to report

> The head of the studio, with tears in his eyes, tells the people entitled to a piece of the gross, "We lost our shirts."
> "How is that?"

"Besides prints, advertising and cellular telephones, we spent \$400,000 for new Porsches for our executives, \$1 million for our distribut-ors' trip to Turkey, \$2 million to refurbish my offices and be driving around in Rolls another million for reserved

parking places.
"It's a pity the picture went under because we all had high hopes for it. That's why we spent \$8 million to dub it in

### Cheers and Boos in Argentina

BUENOS AIRES — The Oscar nomination of the film "Tango" for best foreign film received a mixture of cheers and boos in Argentina. A tango dancer who appears in the film, an Argentine-Spanish joint venture, and a critic said they were pleased, but another critic called the film "absurd."

Juan Carlos Copes, the dancer, praised the Spanish director, Carlos Saura, for his "fresh look" at Argentina's popular music. "Every time we film tango, we put on a hat and show the same stereotype. But this film shows the protagonist's feelings to the music of tango," said Copes, a star of the Broadway show Tango Argentino.

But the film critic Eduardo Antin said: "It treats tango in a

very superficial way. It's the kind of film to be shown at airports. I felt sad and angry at the nomination.'

## Two French Heroes Battle Hollywood's Hordes

By Alan Riding
New York Times Service

PARIS — In their 30 comic-book adventures to date, Asterix and Obelix have repeatedly outfoxed the Roman invaders of 50 B.C., thanks to a magic potion concocted by a Druid elder. But now far more is at stake. In their first screen outing, "Asterix and Obelix Against Caesar," the feisty Gallic villagers have again been called on to save France, but this time from Hollywood and its marauding blockbusters.

Of course it could be said the war has already been lost. But although French movies accounted for only 27 percent of tickets sold here in 1998, their worst performance in years, the entire French industry is counting on winning at least one battle.

And for this the Gauls have even been

given an extra dose of Hollywood's own magic potion; money. Opening in a record 764 theaters last week and costing \$48.3 million, "Asterix et Obelix Contre Cesar" is the most expensive French-language movie ever made.

Directed and co-written by Claude Zidi, it is produced by Claude Berri, long a successful director and now a mini-mogul of the French movie scene. French investors have put up half the money, with Italians and Germans providing the balance.
The live-action film also has a strong cast,

with Christian Clavier as Asterix, Gerard Depardieu as Obelix, Roberto Benigni as Detritus, Caesar's treacherous sidekick, and the model Laetitia Casta as Falbala, Obelix's

That said, the battle has not started well, with the film being struck first by friendly fire. In the weeks preceding its release it was enormously promoted by French newspapers, which uniformly exploited the Rome-Hollywood analogy. It was, Le Monde proclaimed, "the image of resistance to American cinematographic imperialism." But when the reviews came in, many movie critics forgot their patriotic duty and were plain rude.

"Yes, I confess it; I am a traitor to French cinema," Andre Bercoff wrote in France Soir. "After a few minutes full of bope, I " Andre Bercoff wrote in France ended up bored senseless by Asterix and Obelix." Le Parisien asked, "Where did the magic potion go?" And Liberation's verdict was no less negative. "The move from com- ("I am Etruscan, not Roman," Benigni ic book to film has fatally put an end to a dream," it said. "The bubble has burst."



Gerard Depardieu, left, is Obelix and Christian Clavier is Asterix.

Still, as Hollywood endlessly demon-strates, blockbusters with troubled scripts Roman circus and successively confronts and lively special effects can easily survive bad reviews. In fact the big-budget Holly-wood films that do well here year in year out are routinely savaged by French critics. And,

The film has some strong points. With its 60 actors bolstered by no fewer than 1,500 extras, the heroic Gauls do indeed seem to be taking on the entire Roman army. Clavier and Depardien look their parts, while Benigni adds a touch of genuine Roman humor

But the best scenes come thanks to special

Roman circus and successively confronts snakes, lions, tarantulas, crocodiles and an

The movie's strongest selling point, though, is the extraordinary popularity of the are routinely savaged by French Chucs. And, as it happens, everything indicates that "Asterix books, which have some some states and Obelix Against Caesar" has started well at the box office and is particularly liked well at the box office and is particularly liked comic strip was published by Rene Goscinny and Albert Uderzo in 1959. Goscinny died in and Albert Uderzo has published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar" may be among the comic strip was published the last six obelix Against Caesar was published the last six obe

France is Asterix's biggest market, with 95 million books sold to date, followed closely by Germany with 88 million sold. Some 20 million copies have been sold in Britain, but the books have not been marketed in the United States.

lowing outside their home territory, and this augurs well for foreign sales of dubbed versions of Asterix and Obelix Against

"I cannot see anything less than 10 mil-tion viewers," Berri told Liberation. France, unlike the United States, traditionally measures a movie's performance by the number of tickets sold rather than the box office-

In the battle against Hollywood, of course what really counts is how well the film does in France. Last year, although total moves attendance here rose to 170 million, largely, as a result of "Titanic" (21 million), the French industry's share of the domestic manket fell to 27 percent, from 34.5 percent in 1997. Three French films did well — "Le Diner des Cous" (8.5 million). Couloirs du Temps" (8 million) and "Temps" Couloirs du Temps" (8 million) and "Temps" (6.2 million) — but significantly, all were comedies aimed at a mass market. The mineracclaimed art house film of the year, Final Zonca's "Dreamlife of Angels," did see more modestly (1.2 million).

In the case of "Asterix and Obelian Against Caesar," 5 million tickets sold its home and another 5 million abroad will take it safely out of the red, but that may sold suffice to claim victory over Hollywood.

More likely, the seemingly endless debat about why French movies do not do better home and abroad will continue. And if debate does not change, it is because a structure of the French movie industry resi

French productions must account for 40 percent of films shown on television here. while Canal-Plus, the pay-television movie and sports channel, is required to invest heavily in French movies. Thus, 120 to 140 new French films are released here every year, far more than the domestic theater market can absorb. Add to that the dis-

most popular French movies of the year. But alone, it seems, these hardy Gauls are un-likely to strike fear in Hollywood.

France likes to boast that it has the only European movie industry that has so far avoided being totally crushed by Hollywood, Thus, like Superman and Batman before but increasingly it resembles a resistance them, Asterix and Obelix have a huge fol-movement inside an occupied country.



ALL DECKED OUT - A samba dancer, Elizabeth Rodrigues, getting some help at rehearsals for the opening of Rio's Carnival on Friday.

SMALL Danish museum has A offered a \$50,000 reward for information about a Rembrandt painting and another work that were stolen two weeks ago. Rembrandt's "Portrait of a Lady" and Giovanni Bellini's "Portrait of a Young Man" were taken from the Nivaagaard Collection museum in Hoersholm, just north of Copenhagen on Jan. 28 by two men. The value of the Rembrandt has been estimated at up to \$16 million

A former assistant to Tom Cruise and Nicole Kidman is suing the couple, claiming they fired her without cause. Judita Gomez said she received good or excellent" work evaluation during the five years she worked for the movie stars, helping them select clothes and with household chores. But in a Superior Court lawsuit in Los Angeles, Gomez claims she was fired July 31 and "is now unable to obtain employment-related benefits at the same salary she was earning." She said she was required to sign a contract last July, but was not told it included a clause allowing them to "fire her for any reason." Gomez is seeking unspecified damages from the couple and two of their other employees.

The cellist Yo-Yo Ma has been

Gould Prize. Created by the Glenn Gould Foundation and intended as a tribute by the people of Canada to the life and work of Gould, the Canadian pianist and composer who died in 1982, the accolade for exceptional contribution to music and its communication The cellist Yo-Yo Ma has been carries an award of 50,000 Canadian named the winner of the 1999 Glenn dollars (about \$34,000). Previous win-

### **Oprah Winfrey Sours on Television**

**PEOPLE** 

The Associated Press CNDON—Oprah Winfrey says daytime television has become a "vulgarity circus," and she is getting out when her contract expires in two years. In an interview with The Sunday Times, Winfrey attacked her rival Jerry Springer and said it was hard to return to television after shooting her latest movie, "Beloved."

"Coming off that wonderful film to be just interviewing more dys-functional people was a letdown," she said. She called Springer's show a "vulgarity circus." "Unless you are going to kill people on the air, and not just hit them on the head with chairs, and unless you are going to have sexual intercourse then there comes a point when you have oversaturated yourself,"

'My contract has two years left, then I am getting out of such shows because I feel they are going to burn themselves out.

ners include R. Murray Schafer, Yehudi Menuhin, Oscar Peterson and Toru Takemitsu.

While steering clear of Germany's debate over what a national Holocaust memorial should be, the director Steven Spielberg said Wednesday that his archive of interviews with survivors was still "in the wings" if Germany wants to include it. Spielberg, in Berlin for the screening of his Holocaust documentary, "The Last Days" at the film festival, declined to comment on competing concepts for the memorial, but he indicated that he was still interested in having the archives of his Shoah Visual History Foundation as part of the project. Spielberg first made the suggestion in a German magazine interview in November, and it reportedly was backed by Chancellor Gerhard Schroeder's culture adviser, Michael Naumann, but there was no mention of it in a new concept Naumann unveiled in December. After more than a decade of public debate, Parliament is to vote on the project this year.



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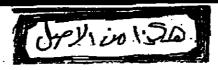
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